

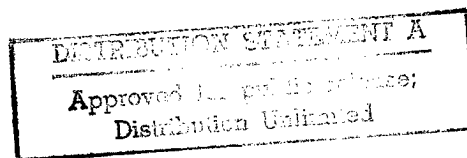
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7 JULY 1988



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DENMARK

Political Leaders Offer Explanations for Progress Party Surge

36130067 Copenhagen BERLINGSKE TIDENDE in Danish 15 May 88 Sect II p 3

[Article by Ole Dall: "Hangover Follows Election Success"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Racism, Pia Kjaersgaard, farmers' revolt, tax protest and nonsocialist dissatisfaction with the Four-Party Government are some of the other parties' explanations for the success of the Progress Party [FKP].

So things went wrong again.

Among the members of the "old" parties at Christiansborg there was head shaking, disappointment and contempt on election night when seats fell into the hands of Pia Kjaersgaard and Mogens Glistrup.

Since the FKP led by the party leader, Glistrup, stormed into the Folketing in 1973 with 28 seats, the other parties have had a hard time coping with it. In FKP's first four elections, its support was even greater than on Tuesday, but its influence has always been minimal. That was blamed on internal unrest and a lack of desire by the other parties to deal politically for the votes of the wing party.

Even level-headed politicians are coming out with vehement statements about the FKP, which has contributed to an "FKP dispute" at Christiansborg: a cold front between the Radical Liberal Party [RV] and the Progress Party [FKP].

"I would rather be near the cutoff limit than near the Progress Party," said Niels Helveg Petersen several years ago, but RV gets a response to its accusations from FKP:

"RV is committing apartheid against FKP," said Pia Kjaersgaard.

Election intoxication in the FKP has given the other parties a hangover. The FKP success in the election is being analyzed, and election tactics reorganized.

Election researcher Ole Borre said that it is the party's fight against the public sector and for lower taxes that has borne fruit.

"One can very well interpret the election results in such a way that the more a party advocates cuts in the public sector the better its results are. The NATO theme can explain the success of the Liberal Party [V], but not that of FKP," said Ole Borre.

Avoid Quarrels

BERLINGSKE TIDENDE asked a number of politicians to explain FKP's success, evaluate its significance, and comment on whether it was wise of the Liberal Party and the Conservatives to attempt to silence the party totally during the election campaign. Here are their opinions:

Anders Fogh Rasmussen (Liberal): "The message of the election for both the Liberals and the Conservatives is that if the nonsocialist-liberal profile is too weak our voters will react by voting for the FKP. The voters have been especially dissatisfied with the agreements which were made with the Social Democrats before Christmas."

"Furthermore FKP got many votes in the country districts because of dissatisfaction with environmental and economic measures."

"The Liberal Party does not want to quarrel with anyone in the election campaign. We did not especially conciliate FKP, but we used the election campaign to advance our own policies."

Hans Engell (Conservative): "In contrast to the other parties, FKP chose to bring a number of issues into the election campaign, and that appealed to the nonsocialist voters, for whom the NATO issue meant less."

"Dissatisfaction after 6 years of nonsocialist government also played a part, and in a number of areas FKP adopted a very cynical policy of bidding higher."

"I believe that it is becoming a challenge for the Conservative Party to ensure that FKP does not continue to grow at our expense. We have experience to draw on from the seventies. We are through with letting them run away freely without taking them on in open debate."

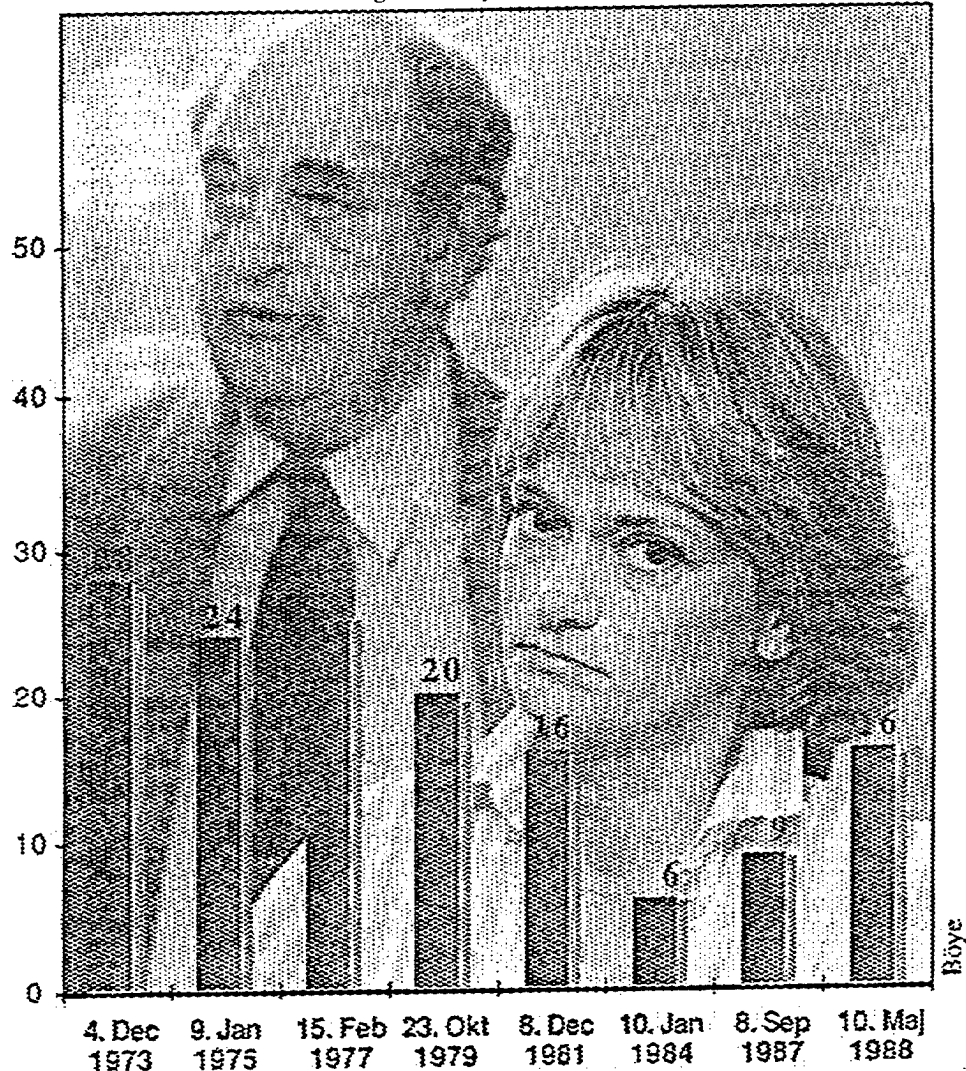
Hatred of Foreigners

Gert Petersen (Socialist People's Party) [SF]: "Among other things, their success was due to hatred of foreigners—a Le Pen effect in Denmark. Also the tax pressure is very great on lower and middle incomes."

"It is also as if Mogens Glistrup and Pia Kjaersgaard are speaking to two different groups. Glistrup appeals to the very fanatical and racist groups, while Pia Kjaersgaard speaks to the more reasonable, who are only afraid of the state and tax pressure."

"It is clear that the Liberals and the Conservatives are afraid of FKP. They act as though evil is not there. I believe that after the election the Conservatives will follow a more conservative policy. That would be a natural reaction, since they have lost seven seats in 1 year."

Progress Party Seats 1973-1988



Helge Dohrmann (Progress Party): "Our success has especially been taken from the Conservatives, who are generally disappointed with the policies being followed. There is also no doubt that the refugee policy has given us extra votes. One can, for example, see that in the number of votes on Ishoj, where we have previously been weak."

"I was not surprised that the Liberals and the Conservatives tried to silence us to death. It would be dangerous for them to reproach us, because in a number of areas we have been more steadfast than the Government."

Glistrup or Kjaersgaard

While the Social Democrats, SF and the Radical Liberals cannot imagine cooperating with FKP, the attitudes are more varied in the parties of the Four-Party Government.

Anders Fogh Rasmussen (Liberal) said yesterday in BERLINGSKE TIDENDE that "the parliamentary will of the Progress Party will be tested."

The decisive factor in how much the nonsocialist parties can use FKP is whether Pia Kjaersgaard's compromise-seeking line is seen as firm, or whether Mogens Glistrup will dominate.

The politicians of other parties recognize Pia Kjaersgaard's skill in her dispute with the Glistrup wing. But even the trees do not get permission to grow in heaven for the "Iron Lady." More people believe that in the election campaign she scored cheap points by merely pushing protest slogans and calling Christiansborg a "kindergarten." Now she must prove her capability by compromising with and controlling Glistrup and other members of the FKP group.

Moderate members of the Progress Party received quite a shock when on the eve of the election Mogens Glistrup thundered on TV that "Mohammedan refugees must go." A new Progress Party voter wrote in a letter to BERLINGSKE TIDENDE, "When I voted for FKP this time it was solely because of Pia Kjaersgaard's policies. I was really surprised when Mogens Glistrup spoke out on election eve and behaved as a man of the world."

9287

FEDERAL REPUBLIC OF GERMANY

EMNID Opinion Poll on Status of SPD (Part 1) 36200136 Bonn VORWAERTS in German 21 May 88 pp 8-10

[Text] Although in many policy areas the SPD is considered more competent than the Union, sometimes far more so, at the present time it still has not won over enough voters to be able to form a government in Bonn. The trend toward the Social Democrats which showed up in the Schleswig-Holstein Landtag elections has not yet prevailed throughout the country.

These are the most important results of a representative poll which EMNID carried out for VORWAERTS last week (time: 9-15 May) among 806 West Germans (430 women and 376 men). On VORWAERTS' behalf the Bielefeld pollsters ascertained what Germans think of the oldest German party in May 1988, 125 years after the founding of the SPD.

In an overall assessment of the SPD's 125 years, 45 percent of the population say that the Social Democrats have essentially achieved their goals, while 38 percent believe that to a considerable extent the SPD has been unable to implement its ideas. Seventeen percent did not respond.

West Germans are also divided in their assessment of the SPD of 1988: 38 percent believe that the SPD is just as good or bad today as when it was governing in Bonn; 31 percent feel the SPD is worse today; and only 18 percent believe the SPD has gotten better. No response: 12 percent.

The SPD appears to 40 percent of West Germans to be a modern, forward-looking party with new ideas and dynamic leaders; 46 percent disagree with this view.

Percentages are similar for the question of whether the SPD too one-sidedly represents workers' interests: 42 percent agree, 47 percent disagree.

A clear majority of West Germans (66 percent) believe that although the SPD has renewed itself in opposition, its political goals are still not clear enough. Only 21 percent did not agree with this statement.

The SPD's most important accomplishment since the Second World War seems to 46 percent of West Germans to be its initiation of a policy of peace and detente. Second, with 23 percent, is the SPD's contribution to building democracy in the FRG. And third (21 percent) is the fact that the SPD has worked for social justice.

The SPD can be pleased that in almost every policy field of current interest it is thought to possess more competence and problem-solving ability than the CDU/CSU.

Issue number 1 in the FRG continues to be peace policy. Securing the peace is considered "very important" by 82 percent. In this area the SPD, with 36 percent, has a clear competence lead over the Union (28 percent). No response: 35 percent.

In domestic policy 75 percent of the population say the most important task is combatting unemployment. The SPD seems better able to solve this problem to 41 percent, while only 28 percent back the CDU/CSU to solve it. No response: 31 percent.

Environmental protection is an equally high priority. It is viewed as very important by 71 percent. In this area, too, the SPD (43 percent) is seen to be a better problem-solver than the CDU/CSU with 25 percent.

Even greater is the lead in the question of moving away from nuclear energy, which 60 percent of the population consider "very important" or "important." Fifty-five percent of voters believe the SPD is better able to accomplish this. Only 15 percent put their trust in the Union.

A just tax system is considered "very important" by 49 percent. A majority of the population clearly rejects the Government's tax plans. Only 28 percent consider the CDU/CSU capable of creating a just tax system, while 46 percent are of the opinion that the SPD would do better.

Maintaining the social security system is "very important" to 45 percent of West Germans. With 50 percent the SPD also has a large competence lead over the Union (25 percent) in this.

The same is true of expanding Mitbestimmung, which 53 percent see the SPD as more likely to accomplish than the CDU/CSU. However, only 21 percent consider this issue "very important."

Women's equality is very "important" to 44 percent. Fifty-five percent of women make this issue priority number 1 but only 31 percent of men. The SPD is seen as more likely to bring about equality than the Union (18 percent) by 50 percent of those asked.

Just as important to people politically as equality is the improvement of FRG-GDR relations, with 43 percent. Forty-five percent see the SPD as more likely to succeed in this area than the CDU/CSU (32 percent). It is

interesting that almost every third Union voter (27 percent) and every second FDP voter (49 percent) sees the SPD as more competent.

More protection for foreigners is viewed as very important by only 18 percent, although 40 percent consider this issue important. Here, too, the SPD with 50 percent has a clear competence lead over the C parties (18 percent).

West Germans are becoming more aware of the Third World's problems. Providing more effective help for developing countries is seen as "very important" by 28 percent. For 51 percent this issue is important. Thirty-five percent believe that the SPD would accomplish more in this area than the CDU/CSU (22 percent).

The fight against AIDS is a very important task in the eyes of 62 percent of the population. In regard to competence, the two parties are practically equal: CDU 30 and SPD 26 percent.

Greater competence is ascribed to the CDU/CSU in the issues of strengthening the Western Alliance (CDU: 51; SPD: 25), economic growth (56 to 20), guaranteeing the rule of law (40 to 29), and European unification (37 to 26).

Although the SPD is considered more competent in almost every area, this still does not show up in voting preferences. If Bundestag elections had been held last Sunday, the current governing coalition in Bonn would once again have a majority of 51 percent.

From responses to the familiar "Sunday question" EMNID projected the following results: CDU/CSU 42 percent, SPD 40 percent, FDP 9, and Greens 7 percent; other parties: 2 percent. It is striking that 20 percent did not respond how they would vote.

When asked whether Helmut Kohl or Hans-Jochen Vogel should be elected Chancellor, if direct election were called for by the Constitution, 35 percent chose the current Chancellor and 29 percent the SPD chairman. Here, too, it is worth noting that 36 percent of those asked did not respond.

There were interesting results from the question as what coalition people would like to see the SPD form. Thirty-four percent of West Germans called for a grand coalition between the SPD and CDU/CSU if the results of the next Bundestag elections were such that the SPD could form a viable majority coalition government with any of the other parties now represented in the Bundestag. Twenty-five percent favored a Socialist-liberal coalition and the same number a red-green one. Sixteen percent did not respond.

Among SPD voters, however, a grand coalition is favored by only 19 percent. The groups in favor of the other two possible coalitions are almost exactly equal: 36 percent of SPD voters favor allying with the Greens and 35 percent a coalition with the Free Democrats.

Of potential CDU voters, 58 percent favor a grand coalition, while 21 percent would prefer a Socialist-liberal one, and 8 percent would like to see a red-green government coalition.

In the FDP almost every second voter (44 percent) wants a coalition with the SPD; 22 percent are in favor of a grand coalition and 9 percent of a red-green coalition. Clearest is the preference among Greens voters: 95 percent of these want to see an SPD coalition with the Greens.

The occasion of the SPD's 125th birthday also prompted VORWAERTS to ask West Germans about SPD politicians. This is what emerged: of the leading Social Democrats whom people named without prompting, Hans-Jochen Vogel was mentioned most frequently with 52 percent, followed by Willy Brandt (39 percent), Helmut Schmidt (34 percent), Bjoern Engholm (25 percent), Oskar Lafontaine (24 percent), and Johannes Rau (19 percent).

Hans-Jochen Vogel, with 98 percent, is also the best-known among active SPD politicians, followed by Johannes Rau (97 percent), Oskar Lafontaine (96 percent), and Bjoern Engholm (95 percent).

Seventy percent would like to see the Schleswig-Holstein election winner, Engholm, play a major role in German politics. For Oskar Lafontaine the figure is 62 percent, for Johannes Rau 55, and for Hans-Jochen Vogel 50 percent. Fifty percent also favor a major role for SPD National Whip Anke Fuchs (known to 87 percent) and 45 percent want that for Bundestag Vice President Annemarie Renger, who is known to 90 percent.

Among those asked, 33 percent want a major role for Hans Apel, 28 percent for Erhard Eppler, 26 percent for Horst Ehmke, 25 percent for Hans-Ulrich Klose, 21 percent for Gerhard Schroeder, 20 percent each for Peter Glotz and Heidemarie Wiecezorek-Zeul, 15 percent for Herta Daeubler-Gmelin, and 8 percent for Hermann Rappe.

12593

FINLAND

Paper Assesses Significance in Council of Europe
36170075c Helsinki HELSINGIN SANOMAT
in Finnish 18 May 88 p 2

[Editorial: En Route to the Council of Europe]

[Text] Our foreign policy leaders have rarely been as cautious and reactionary in dealing with an issue as they have been in relation to the Council of Europe. Year

after year, our government has withstood repeated and ever-strengthening demands for joining the organization by contending that "nothing has happened that would have made it necessary to reconsider the matter." In reality, a lot has happened in Europe. Is it only now that we too have realized it?

Human rights are an ever more central part of international politics, and this is acknowledged by the East as well as by the West. The Soviet Union under Gorbachev has made it clear that it will not resign itself to having only the role of defendant in this matter; the USSR is even vying to host the upcoming Etyk Conference on Human Rights. The Council of Europe is now no longer passed off as a cold-war organization in the Eastern bloc.

The East European countries, the Soviet Union included, have been interested in establishing cooperative ties to the Council at various levels. The Council has proved to be a superb channel for widening and consolidating European cooperation. Actual membership is open only to countries with a western multiparty system.

Finland has always satisfied such basic entrance requirements. This was emphasized recently in a speech given by EC Secretary General Marcelino Oreja, who expressed a wish that the negotiations regarding the Finnish membership application to a favorable conclusion in time for the Council's 40th anniversary celebration next May. Indeed, we have for various reasons needlessly dramatized the problems and consequences of membership.

To many it might still be a surprise that our standard of human rights and legislation is actually not on quite as humane a level as we generally imagine. Despite the recent reform of pre-trial procedures, our detention timespans hardly fulfill the requirement that the plaintiff be brought to trial on the fourth day at the latest. Those applying for political asylum may be held in custody even for months on end.

Conscientious objectors still have to serve well over the time of normal army training, which gives a clear flavor of punishment and deterrence. Those who refuse to serve altogether are given prison sentences. Army recruits cannot complain about detention; social and health services rely much too readily on coercive means, etc.

The Ministry of Justice is currently conducting a study of how much of our legislation would have to be changed for it to comply with all EC standards. Also, the individual citizen must be secured a right to seek justice against his own state in the Council's own court.

Judicial norms have originally differed so widely from country to country, even in Europe, that each nation has had to make adjustments in adopting its legal system to the whole. As international relations and cooperation become more and more intensive, the need for common

ground rules will increase. Claims to the effect that this will endanger national self-determination are, in this context, definitely exaggerated.

We have the option of expressing reservations to ourselves, if and when we are confronted with demands that seem overwhelming. But what could these possibly be? Must we, for example, have longer incarceration periods than others? Generally, these demands have addressed themselves to the liberalization of a few points in our dealing with human rights. As a Nordic constitutional state, we must be able to afford these changes just like anyone else. It should be a matter of national honor.

13421

Sorsa Views Coalition Prospects, Social Democratic Party
36170075a Helsinki HELSINGIN SANOMAT
in Finnish 21 May 88 p B1

[Article by Anneli Sundberg]

[Text] Foreign Minister Kalevi Sorsa has been very circumspect in making public statements since losing elections about a year ago and surrendering the post of prime minister to the Conservative Party's Harri Holkeri and the chairmanship of the Social Democratic Party [SDP] to Pertti Paasio.

During the May Day celebrations, however, he managed to create a minor uproar by stating that the present government might be about to sink in the same morass of tactical maneuvering that had been the downfall of its predecessor, and by suggesting that Paasio be given a post in the government. Who was it that Sorsa was really attacking and why, people wondered. A Social Democrat parliament member bemoaned the fact that Sorsa had opened his mouth in the first place, and accused him of still attempting to control the party and dictate its actions.

Sorsa has good reasons for fear on the government's behalf. After all, it is in a sense his own creation. Sorsa readily admits to having had a central role in the birth of the blue/red (Conservative/Social Democratic coalition) government but emphasizes at the same time that the solution was fraught with uncertainty.

What was not uncertain for Sorsa, however, was that the Social Democratic/Center coalition had no future.

"It no longer worked. Its spirit had gone, and the offered alternative—that the Social Democrats be included in a bourgeois majority government on bourgeois conditions—was completely unacceptable to us. The SDP had its back against the wall, and anyone in that situation would fight back."

His dander up, Sorsa, too fought back. He discussed the possibility of Conservative/Social Democrat coalition with the president. He discussed it both inside and outside the party committee. He mulled over it in Finland and while vacationing in Rome.

"The Italian holiday came at a crucial point in time. I was able to think about things in peace and quiet, and that was where I came to a clear understanding of the situation and made up my mind. I was ready and willing to press for a decision."

Without Sorsa's determination, the coalition might not have come about.

"The entire party leadership, myself included, was very apprehensive. Making a turn-around is never easy. It could have happened without me, of course, but this time it certainly happened with my active assistance."

Private Talks With Conservative Party Member Pentti Sillantaus

Sorsa reveals that he had been mapping out alternatives for a Social Democrat/Center alliance for as much as a year, even a year and a half before the last parliamentary elections.

"I discussed these matters quite often with Pentti Sillantaus, who neither had then nor has now any formal status in the Conservative Party. We got to know each other in the parliamentary foreign affairs committee and have actually kept in touch ever since. Our conversations, though, have never taken on the character of actual negotiations. At no point has there any attempt at reaching agreements, let alone any signing of papers."

Sorsa describes the discussions with Sillantaus as philosophical in their nature. They analyzed the chances for cooperation between the Conservatives and the Social Democrats, and under what conditions this cooperation could become a reality.

Sillantaus is a director in ALko [State Alcohol Monopoly] and former chairman of the Conservative Party Parliamentary Group. According to the present party leadership, he is somewhat over-eager to conduct discussions in the wings. He and Sorsa are long-standing acquaintances.

Sorsa reveals that discussions between Holkeri and himself only started after government negotiations were about to begin, and adds that contact with Conservative leader Ilkka Suominen was minimal as well.

"Suominen and I discussed these matters in very vague terms before the elections, but it was at the time when Suominen in fact had already committed his party to Vayrynen and his (bourgeois government) solution. Nothing much came out of this. Sillantaus tried to set up one more conference—that is, another discussion—

which at least in his mind had ambitious goals, but it fell through because of Suominen, whom it did not suit. The discussion was never arranged."

Sorsa recounts that he was initially most afraid of how the party supporters of the traditionally leftist Social Democrats and those of the traditionally rightist Conservatives would react to news of an alliance. Would they approve or would they feel ill at ease?

"I assumed that the Social Democrats would have the greatest difficulties but it turned out that the traditional Conservative groups the employers and bankers, had the toughest time."

"These groups still saw themselves as arbiters of Conservative Party policy. Whereas we did not quite trust the new Conservative Party programs, they had not bothered even to read them. The shock was all the greater for that. I think that for the Social Democrats, the pain of adjusting has been mitigated by the simultaneous dramatic reorganization of labor relations. The Social Democrats could put on a fight for what they held to be important."

Sorsa admits that his accepting the post of foreign minister means that he signed himself as the guarantor of the new government. "I gave no solemn declaration to that effect, yet in practical terms it does amount to such."

He maintains a position in the Bank of Finland, and there has been speculation that he will leave the government. Sorsa himself admits to no such plans. It all depends on how strong the government will be.

The Center Party should not expect a swift return to the seventh heaven of government, Sorsa predicts.

"Kepu's [the Center Party's] bitterness over the collapse of their grand scheme seems from my viewpoint to have been so severe that they may have ended up burning more bridges than might have been advisable. Rebuilding them could turn out to be quite laborious."

Tax Reform—Test of Government Strength

The Conservative Party is pressuring Prime Minister Holkeri to be more steadfast in safeguarding party interests. This kind of a situation is all too familiar to Sorsa.

"You just have to grin and bear it. All you can do is to follow your course and wait. If it does not turn out to be good enough, then they will give you the sack."

Sorsa believes that the prime ministership will be easier for Holkeri than it has been for many others, himself included.

"He isn't burdened by responsibility to the party in the same way as the party chairman is."

In Sorsa's opinion, the tax reform will test the staying power of the present government.

"The tax reform is a question of technique and of conflicting interests. Every government must be able to resolve the conflicts between competing interests. A government is weak and immature if it cannot perform that duty."

Sorsa, who heads the group of Social Democratic ministers in the government, considers it natural that the Social Democrats and the Conservatives will clash over the tax reform issue. That much was clear from the beginning.

"Despite it all, it's still surprising how acrimonious the conflicts over practical issues can get. The tax reform has already been given a death blow by the media, and I don't imagine it can become any great public favorite. It is impossible nowadays to work out comprehensive solutions. Every part is tinkered with separately. I don't think that's good. It would be better for the government to be able to take its time, to file the components down to size and then bring the ready-made composite out on a silver platter for the press to applaud."

According to Sorsa, taxation is not about to be abolished, but medium wage earners can expect to be able to sleep in peace.

"As the Dems are for a reform that is beneficial for small and medium wage income earners, and the Conservatives are for a reform that defends medium and high income earners, one can draw the conclusion that the ones in the middle will not fare too badly."

Sorsa himself applauds the idea of linking the upcoming year's wage increases with the tax reform. But he has his doubts about whether it will work.

"The organizations, however, are reacting every which way, and it will be quite a task to figure it all out."

Depressed Over Self-Serving Use of Charter Flight Tax Plans

Sorsa's May Day speech caused a bit of a stir among his own as well as among others, with his warning the coalition parties against the kind of manoeuvring for which the Center/Left coalition was infamous.

"I maintain that this government was off to a good start. Eventually the rot set in like in everything on earth. Instead of supporting governmental policies, each party started to endorse only their own policies, bringing us to the present situation. Party profiles are highlighted through various techniques, and not all of them are acceptable from the point of view of government cohesiveness. Finally, all we have left is party manoeuvring, and then we'll be in the same situation as at the end of the Center/Left coalition. It is not good for the country."

As an example of a wrong technique, Sorsa brings out the debate over the charter flight tax. According to his sources, the civil servants had been preparing a proposal on solely economic considerations, without a go-ahead from a single cabinet member, let alone from any political party.

"State Finance Minister Erkki Liikanen found out about these preparations just before he left for Washington, but during his trip one of the bureaucrats in question, apparently a political appointee, leaked word of them to the press, and one of the parties subsequently hastened to denounce it. The foremost, central cabinet members fumed against it and made it into a party project. No alternatives were ever presented. No one has denied that this type of measure would have been very beneficial to the country's economy, quite apart from whether it would have cut down on foreign travel or not. After the fact, the charter flight tax has been criticized only on the grounds of having too small an effect. I find this sort of thing downright depressing."

Minister of Trade and Industry, Ilkka Suominen, publicly denounced the charter flight tax, and the proposal was abandoned. Sorsa points out that he was not thinking only about the Conservative party's falling from grace in all of this, but that he brought the matter up in order to warn his own party as well.

"I tried to imagine what could cause similar behavior among Social Democrats, and came to the conclusion that the absence of the party chairman from the government constitutes a basic structural flaw. It complicates and prolongs the process of dealing with issues and increases the danger of misunderstandings. Information passes through too many channels, and wherever it is possible for a misunderstanding to arise, it will."

Sorsa does not admit to a power struggle between himself and Paasio, in spite of insinuations by a rank-and-file parliament member Jukka Gustafsson, who accused him of aspiring to become the manager of the Social Democrat Party.

"One thing is certain. I have the same right to my own opinion, and to expressing it, as any other Finnish citizen, and I intend to claim that right, no matter how vigorously anyone might try to limit it. I have made a polite and well-informed suggestion to the effect that the party chairman should consider becoming a cabinet member, and I have reason to believe that the proposal was not seen as altogether objectionable."

Some have assumed that it was Sorsa who assigned the party chairmanship to Paasio. Sorsa denies this. But Ulpu Iivari, the party secretary, has reason to show gratitude to Sorsa.

"Regarding Ulpu Iivari's appointment, I can say that I had somewhat larger a role than the average party conference representative. His name came up in a conversation I participated in. At first he was considered the most unlikely alternative."

Paasio has already been speculating in the party press on Sorsa becoming their next presidential candidate, which however did not delight the potential candidate.

"The whole discussion is terribly premature, but the initiative of course did not come from Paasio—it was all started by a certain female journalist."

Sorsa admits that the stamp of candidacy will be indelible from now on.

"I understand perfectly well that I must have become a topic of discussions—that I have become accustomed to. I imagine that some three years from now, these speculations will become more timely, but I will not let that bother me for now."

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Liberals' Chairman Views Cooperation With Center Party

36170075b Helsinki HELSINGIN SANOMAT
in Finnish 21 May 88 p B 2

[Article by Unto Hamalainen]

[Text] Out of love for liberal ideology, answers the chairman of the Liberal Party, Kyosti Lallukka, 44, to the question of why he still wants to continue with his chairmanship for at least two more years, despite all the setbacks.

Lallukka, who four years ago became the Liberal Party chief, presents a convincing argument here, as ideology is all that is left of the Liberal National Party after its collaboration with the Center Party. It looks as if they are about to lose the ideology as well, now that the Center Party, for many years their cooperative partner, wants to present itself as liberal.

If it is accepted as a member in the international organization of liberal parties, the Center Party will be viewed abroad as the only Finnish liberal party. This could also open for it a new channel to the West, which would raise the party's value in important East bloc relations after it recently was shoved aside from government responsibility. The Communist Party of the Soviet Union looks favorably upon Finnish political parties' involvement in international organizations.

The Liberal Party conference, which will convene next weekend, will have to decide whether to support the Center Party in its application to join the international

organization of Liberal parties. When the Liberals united with the Center Party in 1982, they arranged for the Center Party an observer's seat in the international union.

If the Liberal Party decides to vote against the Center Party's membership, the application might still be tabled. Lallukka says that there is no way he can be made to believe that the Center Party, thoroughly homespun and typically Finnish, would all of a sudden have turned liberal.

Paavo Vayrynen, now in the opposition (with his Center Party), yearns for a position on par with Kalevi Sorsa and Ilkka Suominen. He also wants to present himself in the world at large as a spokesman for peace, detente and environmental protection. Sorsa has his Socialist International and Suominen his union of rightist parties.

"A couple of years ago at a meeting of Sweden's Center Party, Vayrynen proposed setting up an international organization for center parties. Nothing came out of that, but now he has realized that a liberal organization could offer him a platform," Lallukka points out.

The Swedish People's Party has been against the application, but the most powerful parties of the international organization—the West-German Free Democrats and the British Liberal Party—are in favor of the newcomer.

Split From Center Party Looking Imminent

After Vayrynen's announcement regarding his newest enterprise, this spring was a painful period for the small cadre of Finnish Liberals. In addition to losing their ideology, they also faced the threat of a discontinuation of the electoral alliance. As compensation, they were offered room on the Center Party ticket.

In the opinion of the Liberals, the Center Party proposal constituted a reprisal. A great number of Liberal party activists were involved in the pro-Koivisto movement in the spring presidential elections.

Lallukka learned about the Center Party plans from the morning papers. "Of course it was humiliating," he said. "That was neither gentlemanly nor in the spirit of liberalism. It created a rift in centrist cooperation, which will not be easily forgotten."

"For twenty years, the center parties have worked together so as to strengthen the entire center. We gave each other support in electoral alliances. For the first time, the leadership of the Center Party has announced that it is no longer interested in the unified power of the political center but instead in the success of its own party alone."

A squabble of such proportions resulted among the center groups that even the Center Party had to back out from its plans. Lallukka would still like to see what kinds of decisions the Center Party conference in June will produce.

"It might turn out to be the time for a split," he muses. "In fact, it nearly already happened after the Center Party denounced electoral coalition ties. The Liberals will no longer commit themselves exclusively to the Center party. We will be very broadminded in considering the possibilities of electoral cooperation also with other bourgeois parties."

Lallukka threatens to kick out of the party all those who go on the Center Party tickets. Fewer center coalition tickets will appear next fall than for a long time before.

Despite it all, Lallukka still finds it difficult to speak negatively of Center Party, as he has been a passionate proponent of centrist cooperation for a long time. The tradition of cooperation comes down from the era of the old gentlemen, Mikko Juva, Jan-Magnus Jansson and Johannes Virolainen, who in the late 1960s brought together the three-party block of the Liberals, the Swedish People's party and the Center. The center parties made their decisions independently, but marched in step on the most important matters.

During Vayrynen's chairmanship, gentlemanly conduct has gone by the wayside. The Liberals have had to keep turning around according to the Center Party's wishes.

Initially, the Liberal Party, with its contingent of 100,000 voters and its four parliament representatives joined as a member in the Center Party. No Liberals were elected to parliament from the Center Party ticket. A couple of years later the Liberals left the Center Party, but none were elected to the Parliament from the independent ticket either. The 25,000 who voted for the Liberals aided in the Center Party electoral victory.

"It was an error of judgement to join the Center Party. We could not even imagine how strongly the Liberal voters would reject this proposition. Cooperation with a party that is essentially conservative was felt to be quite alien."

Lallukka points out that the Swedish People's Party, through its Finnish language operations, has also spread itself to the Liberal Party's domain. He does not find this objectionable, since the Swedish Party always has been courteous and mannerly.

During setbacks, the most prominent Liberal politicians withdrew to their civilian jobs, and the district organization members deserted to other parties—the right-wing ones going to the Conservative Party and the conservationists to the Green Party. There now is a

group of four in parliament who are considered "Liberals": the Conservative Party representatives Pirjo Antvuori, Aino Pohjanoksa and Tauno Valo and the Green Party's Osmo Soininvaara, who all were active Liberal Party members in the past.

Free-Thinking People To Leave the Conservatives

Kyosti Lallukka sees a positive side to Center Party greediness as well. Liberal ideology must indeed show future promise, since an old and large party goes out for it.

"The Center Party always has chosen its banner according to which way the political winds appear to be blowing. The party has been green, it has been the party of information technology, and now it is a liberal party. It now sees that liberal thinking is gaining momentum, so it is trying to stop the possible rise of a new liberal party or that of the old Liberal Party well in advance."

Actually, the Center Party and the Liberals are both trying to split the Conservative Party. In Helsinki, the Liberals have been luring disenchanted right-wing entrepreneurs to their ticket under the leadership of their latest star attraction, [supermarket chain owner] Jussi Pajunen. They have, however, occasionally bumped into Center Party recruiters on these missions—Vayrynen's men are working the same street.

Lallukka believes that disappointed Conservatives will protest by voting against the party in the upcoming fall elections. The SDP has had the Conservatives on a leash, and the Conservatives themselves have prohibited intra-party criticism.

"How is it possible that a free-thinking person can even belong to the Conservative Party, where party discipline is at least as tough as with the Communists?" Lallukka wonders.

"Many have had to re-examine their attitudes, to investigate the values actually defended by the Conservatives."

It has been predicted for a generation now that liberalism is headed for a rise. The signs of this are already apparent in Sweden, where Bengt Westerberg has made the Liberal Party the largest bourgeois party in the polls at the expense of the Conservatives.

Lallukka knows all too well that he could not fill Westerberg's shoes. "I have no grand schemes and would have wished for someone else to take over after party reorganization."

A more heavy-weight successor is yet to be found, despite the fact that renowned scientific and business stars, who have secretly been making plans for a new Liberal party, have relinquished those plans and accepted membership in the old Liberal Party.

During the Lallukka reign, with support from the Center Party, the Liberal Party's debts have been paid, expenses pruned to a minimum, and the party headquarters staff reduced to a couple of employees. You cannot make a political party any smaller than that.

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GREECE

PASOK's Karamanlis Attack Seen Further Marring Failed Policies

35210093a Athens KYRIAKATIKI

ELEVETHEROTYPIA in Greek 24 Apr 88 p 9

[Text] Those who hope that until the next elections the political life of our country will move toward a program of competition among the political parties, so that the problems of contemporary Greek society may be better faced, are deceiving themselves. The leaders of the various parties are bringing the distant past into the political arena because they face an impasse by being unable to formulate a daring program for the present and future of this country.

PASOK policy has failed. ND has failed as the major opposition party. The left, ranging from KKE to the EDA [United Democratic Left] of Leondakis, has been led to political stagnation. The prospect of elections is not stirring the platform problems of the political parties anymore. Returning to the past as a way of solving the impasse is what the parties are facing. Today an attempt is being made to rearrange political power along the historic premises that prevailed 30 years ago. The dance is being led by PASOK.

The elections of 1985 were held in juxtaposition to PASOK during the 1965 defection. PASOK Chairman Andreas Papandreou faced the ND Chairman Konstantinos Mitsotakis. Promoting the defection of 1965 was an easy pitfall for the voters of the center and the left. It worked in favor of PASOK in the parliamentary elections of 1985, but it became inactive in the municipal elections of 1986. Anyway, "defections" and "desertions" of parliamentarians and cabinet ministers have occurred even in the years following the dictatorship. The renewed projection of the defection of 1965 into the next election will be a war fought with blank ammunition. Elections cannot be won twice with the same slogans.

In view of this evaluation of the situation, the leadership of PASOK is seeking to enrich its political sloganism with an even further return to the past, to the arsenals against Karamanlis in the era of 1956. Navigators in this trip of historical retrogression are L. Zoras from Kastri, and Mikis Theodorakis from the left. They both try, each one using his own weapon, to spur the memory of the Greek voters with a historic leap of 30 years into the

past, in the hope that they will be able to restore the prestige of the prime minister and chairman of PASOK, Andreas Papandreou, in view of the forthcoming elections.

The leadership of PASOK is making a political mistake. The anti-Karamanlis march in 1985, worked out in favor of the political left in the June 1985 elections, but only because it was politically concealed as a step toward the socialist change in Greek society. It was presented as the removal of the strongest obstacle in the socialist march of PASOK. The subsequent steps, however, were not made along the path to socialist change and the hopes of the left were belied. The return to the anti-Karamanlis campaign will not carry today among the members of the left, the political weight that would favor PASOK. And even worse, the anti-Karamanlis campaign of PASOK coincides today with the corresponding aggressive points against Karamanlis, that come from the leadership of ND.

The leadership of PASOK, in its attempt to win in the coming elections, is led in an erroneous political direction. It attempts to prevent the drain of voters among those who are on the left of PASOK, and to cage the followers of the communist left for the third time, with impressive political victories. It seeks refuge in the winds of an anti-Karamanlis campaign and mobilizes personalities of the traditional left. The leadership of PASOK has determined that the rally around PASOK because of the elections of the followers from the left, will secure a victory with an independent majority in parliament.

If this is what the leadership of PASOK is aiming at, it is making a mistake in numbers. The communist left has been used to the maximum extent in the elections of 1985 in support of PASOK. There are no more margins for the June 1989 elections. In the elections of 1985, the communist left fell to its lowest percentage ever. Under the best circumstances for PASOK, it would be limited to 10 percent of the electorate. But, what happens after that?

The leadership of PASOK has not realized that its victory in the forthcoming elections should come from the right of the movement. The voters of that wing are deserting PASOK and are moving towards ND or to the ranks of the undecided. The left wing of PASOK is increasing its noisy protest but it does not desert PASOK in time of elections. It should also be noted that even if some leftist voters are abandoning the PASOK ranks, they are not added to the ranks of those who support ND.

PASOK's ruling is endangered by the drain of that part of the electorate that would like a change in the government of the country with a potential for a better future. That section of the electorate was not "craving" for socialism, so that if the enrichment of the PASOK followers by those from the left that would not enrich the ranks of PASOK.???

In addition, this part of the electorate has not found itself in conflict with the postdictatorial governments of Karamanlis and the anti-Karamanlis campaign can control today the anti-Karamanlis anger of the PASOK leadership. The leadership of PASOK should not forget that the greatest part of the voters is coming from the section that had voted for Karamanlis in 1974 and 1977.

The anti-Karamanlis feelings of 1956 and 1961 have been buried as a political and ideological political directive by the ranks of the constitutionalists in the early hours of 21 April, 21 years ago. After 1974 the political powers have realigned themselves along other political programs and slogans. The ghosts of the past do not reach today's new generations of Greeks. The older generations are weighing Karamanlis today with the measures he took to restore democracy and to consolidate the regime of Presidential Parliamentary Democracy.

The attempt by the leadership of PASOK to bring back to the political arena the anti-Karamanlis sentiments of 1956 and 1961, is therefore awkward and aimless.

08193/06662

Next Election Seen Vital for Papandreou, Mitsotakis

*35210093b Athens MESIMVRINI in Greek
18 Apr 88 p 6*

[Text] At this moment, the staff officers of ND have been gathered and are discussing the situation with their leader in the "war room"—if we can call it that—on Rigilis street.

They are studying the political facts, reevaluating the situation on various fronts and putting forth some crucial diagnostic questions:

—What is new in the "7-year war of the trenches" with PASOK?

—Where are the weaknesses of the enemy front and where are our strengths?

—Against what sector are we going to launch an attack and where are they going to hold their defense line?

—What are their reserves and what are our secret weapons?

—What are we going to do finally with Marshall Hindenbourg? Are we going to invite him or not?

Today, too, as usual, the speakers are developing a strategic target and two or more tactics.

Everybody agrees on the strategic target because it is very simple: They should step down and ND should take over to save the country!

But on tactics, in other words on the "when" and "how," two completely contradictory theories with notable followers and strong arguments have been developed.

Blasting War

One tactic—let us call it tactic Alpha—calls for the blasting war against PASOK, a war where all means, orthodox and unorthodox will be used, ranging from the merciless parliamentary struggle, and even the resignation of parliamentarians in group, to mass mobilization, panhellenic strikes and large mass demonstrations.

—Supporters of this tactic say that PASOK would have failed three times in the past, the first time in June 1985, the second in October 1986, and the third in August 1987, if those on this side had followed more aggressive tactics and had formed a broad front with all cadres inside and outside ND united under the leadership of Karamanlis.

—The opponents of tactic Alpha answer that this front (of tea and cake as they call it) is not made for mass struggles and for taking its case to the sidewalk. It has been ridiculed whenever it tried and it got the pot on the head, as we say.... It is a faction that is used to govern without raising its fists against authority. But if it comes down to Syntagma square and it "catches fire," it will not be stopped by anything—it will be like a bull in a china shop and will ascend to power whether they like it or not.

In the Trenches

The other tactic—let us call it tactic "Omega"—believes in a war of "gentlemen" against PASOK, using conventional weapons and with the Geneva agreement in hand, in having a final confrontation in the June election or, at least, whenever Andreas Papandreou who is giving the orders, decides.

—The followers of this tactic say: Let PASOK rot by itself. PASOK is its own worst enemy. It has failed everywhere, has lost the trust of the people, and is obliged "to pull the chestnuts off the fire" itself, to sign the agreement on the bases, to make the inevitable retreats in the Aegean and in Cyprus, to abandon all its proclamations about socialism and change. Why should we get rid of it before its time and assume all its shames ourselves. And finally, why leave its followers with the doubt that perhaps it could have done what it had promised if only we had let it?

—The enemies of tactic Omega counterargue, however, that although it is true that the majority has been on our side and that PASOK is constantly losing its popular base, PASOK is still in a position (meeting no resistance) to steal away even a third 4-year period in power, and this would change the political scenario in the country from top to bottom for the whole decade to come.

Arguments Pro and Con

What are, according to us, the current factors in this 7-year war of the trenches?

1) That our side appears to be strong, cohesive, and with threateningly increasing popular support, but is weakened and always divided at the top.

2) That it still has the indestructible force of Karamanlis, who follows up developments with vigilance, sees his popularity continuously increasing and knows well how the other side takes him into account, but still does not have overwhelming proof concerning the decisive reversal of sentiment among the conservative masses and the PASOK-Left front.

3) That Andreas Papandreou knows that his party has lost the trust of the people, but outweighing this, is the fact that it has more power than any other government has ever had in this country, including that of Ioannis Metaxas and Georgios Papadopoulos.

4) That the overwhelming majority of Greeks condemn PASOK, and disapprove of its leader, or are dissatisfied with the 7-year government, but continue to remain inert, nor show any inclination to move against it, rouse, flair up, or get excited. And, a clever demagogue like Papandreou has nothing to fear whatsoever from various, inert, and passive masses, the same way the apiculturist is not afraid of the bees. And this is even more valid since he has in his pocket all three branches of government; he controls the Armed Forces and the police, possesses the mass communication media, and has at his disposal an abundance of means of corruption. And this is even more so when PASOK relies on foreign support at least until it pays back its obligations.

The Loser Is Extinguished

What is our conclusion?

—That Mitsotakis has (a very inert) popular majority, while Andreas has (a very active) polycephalus authority.

—That they both believe steadfastly (and they mean it) in their election victory in June 1989. Mitsotakis, because he has true samples of a popular turnaround and, Andreas, because he has blessings from abroad and his own capabilities as a demagogue.

—That Karamanlis sees a clear change in the correlation of powers, but he still does not consider it subversive, without precluding that it will become so in the future, however.

—That the foreign factor wants the "signatures" for the bases, the Aegean, and Cyprus, but it wants them from PASOK and not from ND. And in particular, that it wants them from PASOK alone without its being allied with KKE.

You will say:

So, what is new in all this? Indeed, we are aware of the situation. As we know, whoever loses the June election will lose everything. If Mitsotakis loses, he is finished and with him ND too. Mitsotakis will be out, and ND will be split, and its followers will disperse. If Andreas loses, he will be extinguished sadly and will suffer the national anathema. His party will be dissolved and his followers will be dispersed here and there.

In other words, the election of '89 is a question of life and death for the two leaders and the two parties.

This means that those who are in power are obliged to use any possible means to achieve their goal. In other words, they will do everything possible to remain in power. And, when we say "everything" we mean "everything."

While those on the other side with the popular majority have no other weapon but the ballot. But what has happened with the votes under PASOK? Or would Averof forget what happened in the Euroelections of '84? Or, has Mitsotakis forgotten what happened in the election of '85? Or, did we all forget what happened in the election of Sartzetakis? Or do all those who are conferring at Rigilis (followers of passive air defense most of them) not know what is being cooked in the basement of the Ministry of the Interior by Menios Koutsogiorgas, Akis Tsohatzopoulos, and some others, who are known and not excluded from the list? Or is it that the entire political world has not realized that PASOK is only afraid of the napalm bomb and the chemical gases of the Politia man, against whom Kastri has already started throwing warning shots?

The staffers of ND are conferring today for an infinitesimal time in the "war room." They are reviewing their war tactics. If this conference too is proved to be nothing else but a routine procedure, they would do well to accept that their opponent will gamble everything all the way.

Does this mean anything to them?

08193/06662

Mitsotakis Seen as Albatross for ND's Future

35210093c Athens AKROPOLIS in Greek 17 Apr 88 p 9

[Text] Will ND enter the elections with Mitsotakis as its candidate? The question becomes more crucial as the time of elections approaches, while:

—All predictions for the future of the party under the leadership of its present chief are disappointing.

—The gap between the disarmed traditional cadres and the newcomers who have taken over the party posts is increasing.

—The hope for unity is being extinguished especially because of the unwillingness of Mitsotakis and his environment to respond to the demand of the basic strata of supporters.

—Those who are dissatisfied with Andreas Papandreou and those who are disappointed with Kon. Mitsotakis look toward Konstandinos Karamanlis, and the undecided remain faithful to his dogma: "Refrain from what is described today as public life of the country."

—Evangelos Averof is crushed between his decision to remain the last crutch of Mitsotakis and his discovery that the present leader "does not pull" [is not effective].

—Miltiadis Evert is methodically working for the "next day."

—The various dauphins (heir pretenders) agree with the need to remove Mitsotakis but they cannot reach an agreement on suggesting a common candidate for his succession.

It is the first time that the party of the large Conservative faction, being one step away from power is divided into scores of groups, in contrast with those constituting the basic support for the party which shows an astonishing unity and an admirable drive for the struggle.

Pandora's Box

Those who criticize and even some realist friends of Mitsotakis are blaming him for so many things that they would fit only with great difficulty, to use the expression of one of them, even in Pandora's Box.

After 4 years as a leader of ND, its current chief with already one election defeat against him, cannot offer the people a message, a hope, on the eve of the last decade of our century. Mitsotakis, possessed by an old-fashioned party mentality has himself become obsolete. He is still looking at the spirit of the sixties decade, even with his knowledge of all that's going on. He persistently refuses to respond to the spirit of the decade of the nineties, which includes the call for the 1992 elections and his vision for the year 2000.

"Our leader," said recently a parliamentarian who expresses the views of the new generation of the major opposition, "is making a basic mistake for which we shall pay with a third defeat." He believes that the road to power goes through the aura of Andreas Papandreou and his cadres. And he spends his time looking for bastards and for scandals. Things that do not move the people, since for good or for bad, the myth of the "bad" right has not erased the tragic reality of the corrupt left. The chairman, he said, cannot understand that the elections will be won by those who will give some message to the people and not by those who will give cheap promises. Andreas won the elections of 1981 because he offered the people the message of change. And in 1985 he won

because he delivered the message of "even better days." What do we offer as a party? A leader whose only stable show is his continuous change of political parties, positions and views, and a politician who had made it a goal of his life to become prime minister even for one night. Even this meant he should become a new Faust.

The Environment

The permanent scourge of ND that threatens to become a gangrene and poison its whole body is by now the notorious "environment" of the leader. A provincial heir pretender is calling it "legion of foreigners" since, according to the explanation he gives, it includes scrapings of every political faction united in the desire for power and maintained by the insecurity Mitsotakis feels about the chances of his continuing as leader of the party.

Among those occupying a leading position in what is described as Mitsotakis "environment" are his daughter, Dora, and his son-in-law, Pavlos Bakoyianis. His persistence to family nepotism, the imposition of Dora even on parliamentarians, his favoritism toward Pavlos, the responsibilities given to his cousin, Sakis Kypreou, and the projection of his wife, Marika, as the model woman, have had only negative results until now. Mitsotakis rejected in an angry way the suggestion-recommendation of his advisors to curtail the activities of Marika, who has created the impression that she is the woman that dominates and dictates his decisions.

People Do Not Want Another Frederica

This is what was allegedly said by one of them. This has caused the wrath of the current leader.

The old party cadres and the new generation!

At this time, there are two tendencies being developed at ND:

The first expresses cadres of the new generation who are seeking a young leader, with modern concepts, who will be able to guarantee a smooth march towards the year 2000.

The second tendency expresses the old party cadres who have hooked themselves on 70-year old Mitsotakis, and who consider him their savior that will allow the continuation of a political species that has been condemned by now in the conscience of the people. "Rusted minds" are bound to move rusted gears. But under these presuppositions it is unavoidable that the world stay away from the party which exhales the mould of the past instead of expressing the hope of the future.

The clash between the two tendencies is expressed daily, within the party and outside it. Naturally, the only thing achieved is the erosion of the party which until 1981 had presented a productive contemporary face.

The representatives of the new generation blame Mitsotakis for unconditional submission to the old party cadres. They blame him for the backward steps that the party has made during the 4 years he was its leader. And also, for the inability of the party to follow the flow of the march toward the year 2000.

Who Are Supporting Him?

A question comes up persistently as a result of these undisputed facts:

—Who are those supporting Konstandinos Mitsotakis?

The giant has legs made of clay.

The present leader of ND is supported by:

1. The speedy withdrawal, because of differences in principles, of Rallis and Stefanopoulos, who have abandoned their house at the first demand of its temporary tenant.

2. The inability of the heir contenders to unite so that they can designate a leader acceptable to all. They keep a passive stand on the problem which they will be called to solve one way or the other the day after the new election defeat of Mitsotakis.

3. The present government and the press it controls because they know very well that only with Mitsotakis as an opponent, can Andreas Papandreou secure victory in the coming elections.

4. Some economic factions stirring considerably in the country who prefer Mitsotakis whom they control completely, instead of anybody else who would not obey their commands like a soldier obeys the desires of the general.

This reason, and the lack of political strategy on the part of Mitsotakis, costs ND a lot.

By making the mistake of cooperating with those in the press world who support the government, Mitsotakis gave Andreas Papandreou one more chance to breathe by rendering useless a strong opposition voice for ND that would have been raised by two newspapers and five magazines.

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ICELAND

Jonina Michaelsdottir, Adviser to Prime Minister Pálsson

36260013 Reykjavik MANNLIF in Icelandic
May 88 pp 94-105

[Article by Gudrun Thorsteinsdottir; first paragraph is MANNLIF introduction]

[Excerpts] A pillar in the halls of government, Jonina Michaelsdottir, adviser to the Prime Minister, talks about her own story, her life and happiness, her achievements—in this first major interview for the press.

Jonina Michaelsdottir, Thorsteinn Pálsson's assistant, sits in her office in the halls of government with her finger on the pulse of Icelandic society. Traffic goes on flowing through the streets, and outside of the windows the human life of the inner city goes on without stopping, as citizens from every walk of life tramp by through the half-melted snow.

For about a decade now Michaelsdottir has examined the body politic from various sides, through her sensitive knowledge of life in the workforce—a deeper knowledge, many think, of its reactions and rhythms, than people commonly have. She is a woman of many aspects, and has particularly worked quietly, out of the limelight, and has been said never to have intended to become “government property.” “I have never aimed at any goals or gone out looking for work to do. I have always been sought out to do work. Somehow it has just worked out that way,” is how she explains her career.

But Michaelsdottir does not bare her feelings to the multitudes. “A woman who doesn't want her faults known,” is what people say who know her. They talk of her independence and deliberateness in everything she does, particularly in her bold and sometimes unorthodox opinions, her independence, and her exceptional strength of will. “Sexual discrimination has not been part of my personal experience. I have never had any kind of problems because I am a woman,” she says; she has little tolerance for people with martyr complexes. “Unbearably optimistic,” is what some call her.

The current prime minister was her first boss as the editor of the old VISIR; the hat of a journalist is only one of the many that Michaelsdottir has worn. Others have been housewife, economist, best-selling author, and politician. There was a time when she thought she would make future plans for some definite professional calling, but they fell through. “Just as well,” she says.

[after gap; continuing quote from Michaelsdottir, talking about someone else] “One of her daughters is the artist Ragnheidur Jonsdottir, who lived in the basement along with her husband, Hafsteinn Ingvarsson. Hafsteinn was the first man I ever saw violate the customary division of labor between the sexes. After they took their university

exams, she worked for Hreyfill driving taxis while he was studying dentistry at the University. Hafsteinn did the housework, had no problem hanging the diapers of Jon Oskar, the new little artist, out on the line, took him out shopping in the baby carriage, and chatted with the housewives. Of course this attracted an inordinate amount of attention and gossip in the neighborhood, and some housewives found it altogether unacceptable, hardly normal.

"I was always hugely amused by this. I always enjoy seeing people break out of the accepted cultural patterns, not to start a revolution or to draw attention to themselves, but just because they have the strength to act in a way that is genuine to them."

When asked about temptations and willpower, Michaelsdottir says that one person's temptation is not necessarily a temptation for others. "For example, it is not willpower if a person doesn't smoke, if that person has no desire to smoke. I, myself, have never felt a need to do something just because other people were doing it. I understand completely the need that people have to be one of the crowd, to feel sympathy with them, not to be different and, therefore, excluded. But I do not feel this need myself, however."

She talks about how important it is to not subordinate your principles to the will of someone else, to not deceive yourself. "Other people come and go, but you have to live with yourself all of your life."

She shakes her head and smiles when she is asked whether her trust in herself is unwavering. "Who can say that, when all is said and done?" she asks. "I define self-confidence and self-trust differently, even though maybe it is just semantics. According to that difference, I am self-confident, but I do not always have complete trust in myself. I find my self-confidence by being in harmony with myself. Other people find such self-confidence in their looks, education, money, or even ancestry. That kind of thing flies away as fast as if it had wings."

"On the other hand, I often have doubts as to whether I am the right person in the right place whenever I start a new job, and I always feel afterwards that it would have been possible to do it better. That doesn't do me any good, and it makes me a little angry. It seems like an accurate perception to me, but maybe I go overboard sometimes in self-criticism. That's what my friends say, anyway."

Michaelsdottir doesn't value her own observations much, and measures honesty a lot by the actions of others. "It is clear to me that not everybody has an easy time speaking his mind, and some are such poor talkers that if they were to talk about honesty with those whom they talk about from day to day, it would be a sign of an unbridled bad mood. On the other hand, I find that it

saves time in dealing with people and I can feel much better about honest people and honesty, than those who practice meaningless courtesies."

Michaelsdottir's husband is Sigthor Sigurdsson, a systems programmer for National Data Systems. She was 19 years old when they got married and had their first child, and shortly thereafter the family moved west to Snaefellsnes. Michaelsdottir's youngest sister, Linda Ros, planned to live with them, but settled instead with Erlendur a Kalfatjorn and his children, with whom she had formerly spent her summers. When Linda took her college boards and went to prep school, she was living with Erlendur's daughter Ingibjorg, who is a teacher. "They are great people, a unique family, the Kalfatjorn family," Michaelsdottir says.

Michaelsdottir's second youngest sister, Asta, moved in with their aunt Ingibjorg, while Laila, the second oldest, rented herself a room and got a job with the Post and Telephone Office. She was 15 years old at the time. The sisters have always gotten along well with each other. I asked Michaelsdottir whether they were much alike.

"Yes and no. In many ways we are very different, as tends to happen with siblings. But I think that I can safely say that we are all very independent, strong-willed, each one with her own quirks, and none of us very hung up on external conditions or the opinions of others. We all believe that life doesn't owe you anything, that it is your own efforts that produce the results. We have all been fortunate in our individual lives, and are pleased with life in general."

Sigthor worked at the radio navigation station at Helli-sand, where 20 families lived in a fenced-off area. "We planned to stay for 2 years," says Michaelsdottir, but the time grew to 13 years, and during that time the family increased by two more. Michael is the oldest, born in 1962. He is living with Lilja Bragadottir and they are both working for his ship company. Bjorn, who is 21 years old, is an apprentice cook at Odinsve, and Thorunn, 18 years old, is going to business school.

"I enjoyed being with my kids. I didn't have to go to work for awhile, and I was thankful not to have to do that," she says.

Her participation in politics started out west.

As a teenager, she says, it never occurred to her to join Heimdallur, or organizations like it. "My girlfriend, Katrin Hakonardottir, on the other hand, who is now one of the landed gentry in England, who is 2 years older than I, was frightfully political. She got onto the representative council of the Independence Party in Reykjavik when she was only 16 years old and every election day she'd pull me in to work. I remember that it was in the MORGUNBLADID building. There were lots of people there talking on the telephone, working their way through their card files. Nobody went out to eat—they

had sandwiches and beer brought in—and every now and then you'd see the bigwigs make an appearance in the doorways. I had never been in such an electrified atmosphere. At my house nobody had stayed awake on election night. We used to calmly read the results the next morning in MORGUNBLADID. It was a great experience; but I never thought politics were anything more special afterwards than I had before."

When asked, Michaelsdottir says that she probably always followed the Independence Party on the issues, but that she was not truly convinced until later on. "Actually it was Johann Hafstein who turned me into an Independence Party member. He gave a speech in the union hall at Hellissandur on the basic aspects of Independence policy, and he spoke with the intensity and honesty that only he could project. He ignited me somehow. All at once everything was clear to me. I remember where I was sitting in the hall when I began to have this feeling. And the feeling is still with me."

Michalsdottir and Sigurdsson were both very active in politics during those years. He was regional representative in Hellissandur and the president of the Vesturland electoral council, and she was chairman of the union in Hellissandur and later chairman of the Regional League of Young Independence Party Members in Snaefellsnes. "We worked with, and got to know, people from all over the electoral district, which broadened our outlooks of course. We learned a lot during that time, and had a lot of fun. Sometimes it was tough. For instance it's no game to be responsible for drawing up the list of candidates for the district elections, when all of the candidates are top men. There's hardly anything that can surprise you after that." In the Althing elections in 1974, Michaelsdottir was seventh on the Independence Party candidates' list in the Vesturland electoral district. "I did that mostly out of a sense of civic duty. I've never had much personal political charisma," she says.

Early in 1973 the Independence Party political school announced that it would be starting up again after a long hiatus, and Michaelsdottir decided to enroll. "The school lasted 1 week, from morning to evening, and was both profitable and interesting. That's where I got to know Inga Jona Thordardottir, who was an enthusiastic 20-year-old at the time, and Asthildur Petursdottir, who was city representative in Kopavogur. We became very good friends."

She says that she thinks that it was valuable to first get involved in politics out in the country, since opinions on legislation are completely different there than in Reykjavik. "It's not easy to explain, but everyone who has experienced both situations knows that this is true."

Michalsdottir has very definite opinions on foreign policy and national security issues. "We can't be too proud to learn from the experiences of others. That would cost us too much. And we need to have our feet on the ground and watch what is being done, as well as listen

to what is being said. We need to watch to see how the words and deeds correspond to each other. While we rejoice at the increased attention being paid to peace in the world today, to the abolition of nuclear weapons and increasing cooperation between the leaders of the superpowers, we need to make sure that all this peaceful noise doesn't put our vigilance to sleep. Those who put the telescope up to their blind eyes in Europe before World War II would agree with this. The peace treaties of that time were very effective sleeping pills." She says that NATO has secured peace in Europe for almost 4 decades now, and nothing has yet occurred to prevent that. "In these matters, I think that people ought to act neither out of hope nor fear, but rather out of experience," she adds, especially stressing human rights violations and the low value that has been placed, by those people most known for peace-making, on the nations' rights to make their own decisions.

Michalsdottir has both visited NATO headquarters in Brussels and traveled to meet colleagues in Norfolk, Virginia, in the U.S. "Some newspaper recently called these brainwashing trips," she says with a smile, "but I found the visits both profitable and fun. The trip to Brussels was unexpected. I was living out west then, and I had come in to Reykjavik for a meeting. During one of the coffee breaks I ran into Gudmundur H. Gardarsson, and it's clear that a light bulb went on in his head when he saw me. 'Hey, listen,' he said to me. 'Do you want to go on a trip to NATO headquarters this week?' It came out that there was a group of fifteen, all men, set up to go to Brussels, and one of them had withdrawn at the last minute. I went along, and it was a fine trip and the beginning of a good friendship with some of the members of the group. Afterwards, I asked Gudmundur who it had been who didn't go, who gave me the opportunity without knowing it. 'It was Thorsteinn Pálsson,' Gudmundur told me."

After the family moved back south, Michaelsdottir deliberated as to what kind of party work she wanted to do, and decided to serve on the planning committee, which at the time was the second of the party's two main committees. "That was the only time that I have gone out looking for a job to do." In working on this committee, she made the acquaintance of Valur Valsson, with whom she would work extensively later; but it was a mutual friend of theirs, Ragnar Kjartnasson, who was the chairman of the committee, which was made up of 17 people. The committee worked toward its goal and eventually determined that it should dissolve itself and set up three separate committees instead: the distribution committee, the instruction committee, and the progress committee. Michaelsdottir was put on the distribution committee and became its chairman 2 years later. She also sat on the progress committee of the party and its central steering committee. In similar fashion, Inga Jona Thordardottir was chosen distribution director for the party. "At this time there were elections for both district government and for the Althing, and we were in the difficult position of having a party without

leadership, but three committed Independence Party members in the government. Including the prime minister. There was naturally a lot of sensitivity and bad feelings within the party, and it was nonetheless important to cultivate our inner resources as we tried to get out of the mess we were in."

Michaelsdottir decided to stop work on the distribution committee after being chairman for 2 years. At the party's national convention she was elected to the central committee, where she served for another 2 years; she did not run for an office at the next national convention. "People are always amazed at a person who won't run for office, if he's been elected to a committee once before, even though the issues he knows about might be over and done with by now. And then there are people who talk about committee work as if the people involved own it. When elections come around, people ask, 'When is he going to quit?' As though the person had been working on the committee for eternity. I wanted to avoid this pitfall and so I stopped, to let new people come in. I never want to get stagnated in one place. I will run for office whenever I think it is right. When I talk about getting involved, I mean that I need to work toward internal goals, examine my own ideas. You have to be just as awake in things like that as in others."

Regarding Michaelsdottir's competitiveness in the political arena, she says that it was a conscious decision of hers to be as little as possible in the limelight. Despite her active participation in politics through the years, it has not affected her much, and her colleagues in the party say that quiet, hard work is characteristic of her. Asked about parliamentary work, she says: "I think that it is the most fun to let things happen in a self-evident way, where people don't ask themselves what got things rolling. I am not a mass media person, and if it should ever be right for me to go for an MP slot, I would wholeheartedly quote the poet Hallgrímur Petursson: 'That which he hardly worked for is being granted to him anyway.'"

She does not think that being a woman has handicapped her in the labor market or in politics. "I have never been set aside because I am a woman," she says, mentioning examples and witnesses to the contrary. "In the district elections here this year, they came to me and offered me the second slot on the list of party candidates in Hafnarfjörður, where I live. Of course I thanked them for the compliment, but I refused the offer, and did not need any time to think about it. I found out that a lot of prominent women in Hafnarfjörður were really mad at me, thought that I had betrayed my fellow women; and men used it as an example that women are always complaining about being ignored, but won't take the responsibility on themselves when it's offered to them. This is what they were saying about it after the party council meeting in Reykjavík. It seemed to me just like any other groundless rumor. What I said at this meeting was just the plain truth, that I had been neither born nor raised in Hafnarfjörður, that I had never paid any

attention to the local issues there, and had been offered the slot simply because men wanted a woman on the list of candidates. I am not so petty as to take a task on under those conditions, and in my eyes there is no difference between offering a person a job just because she is a woman and refusing a person a job for the same reason."

Doesn't she have any sympathy for women's struggle for equal rights, then? "I can't ignore the fact that my circumstances and upbringing, as opposed to those of others, have been such that I have never had to work at it to be equal to men. Women's long struggle for equal rights has never affected me particularly and sometimes I have found it rather odd. Rather than fighting against people's sex being a ball and chain around their ankles, I think that an equal rights campaign should fight against people's sex being used as an entry ticket to jobs and power. My sister Linda and many women friends of mine have been very active in women's rights, and of course it is clear to me that there is much work to do, although I have never taken part in it up to this point. For example, it doesn't take much imagination to see how it must be for college-educated women to see their male classmates, whom they perhaps know are inferior to them in skills and knowledge, get ahead of them professionally because of their sex."

In party work, it has caused some notice that Michaelsdottir has never been in the women's auxiliary organization "Hvot" or worked in the women's wing of the party. Inga Jóna Thórdardóttir, who has worked closely with Michaelsdottir in politics, has this to say about it: "Even though Michaelsdottir has never worked with the party's women's organizations, she has always enjoyed the confidence of both the women and the men of the party. She works in politics on the basis of point of view, not on the basis of sex. Her life and works are the most equal rights oriented of anyone that I know."

She says that she does not feel more solidarity with men than with women. "I am always happy inside when a man gives a good account of himself, or achieves something good—just as I am when a woman does the same thing." Her connections with the prominent women of the party have been strong for a long time, however. She belongs to a group of nine Independence Party women who have been meeting together regularly for more than a decade. "Actually, there have been only eight of us the last few years, since Erna Ragnarsdóttir has been living in Paris. Of course we hold a meeting every time she comes back to Iceland." The other members of the group are Linda Ros, Ingibjörg Rafnar, Halldóra Rafnar, Bessi Johannsdóttir, Björg Einarisdóttir, Asthildur Petursdóttir and Inga Jóna Thórdardóttir. "When we started to have meetings, people used to joke that we were forming a clique. So we picked that up and have never called the group anything other than The Clique. In the group we have women of all ages, with different opinions, who have even competed against each other in elections, but that has had no influence on our getting along with each other."

But what opinion does she have of women's unique contributions to society? "What we have to offer reflects the changes in our society. Most women have come out into the workforce and it seems to me that their influence in connection with that is being felt in the highest places. I think that people support the Women's List for many reasons, and that the unrealistic part of that support is on account of the issues. The realistic part is because of the dissatisfaction they feel, which is not actually a result of women's powerlessness, but rather rooted in dissatisfaction with the most innocent things. Also, they have elected to their leadership some really dedicated and hard-working women. But if you look at the issue in a larger context—if you ask yourself what kind of society you want to live in, and what political powers are most likely to create that picture of society, then it seems to me that the Women's List is not an option we should be striving for. I met a new leader from the People's Alliance, that I thought a lot of, and asked him how things were going in his party, whether he thought they would be coming out of the trough they are in right now. 'Yes, I think we will,' he said. 'On the other hand, we haven't found Utopia. Nobody is having their Utopia today, except the Greens and the feminists; and if you listen to the Women's List, then you'll hear that they practically duplicate us on all the issues,' he added. I think there's something to that, what he said. As far as I am concerned I think it is just as strange to elect only women to the Althing as it would be to elect only left-handers."

That summer that Michaelsdottir flew south, she was initiated into the workforce almost by coincidence. Linda, her sister, was a proofreader at Bladaprent. "She has a lot of drive, and makes decisions fast," says Michaelsdottir. There was a staff shortage for proofreaders, and Linda got her sister to help fill in the gap. "She didn't say so at first, but in the end she told me that she was ready to go on to something else. I had to fill in." Michaelsdottir enrolled in the continuing education department of the prep school at Hamrahlid that fall, intending to take her college boards and later study social counseling at the university. But the course of her life went otherwise.

Before she knew it, she had come into the journalistic milieu, with the support of Thorsteinn Palsson, who was the editor of VISIR at that time. They had known each other a little through party work, but they got to know each other well in the 2 years they worked together at VISIR.

"I soon found that we had someone working on proof-reading that was better suited as an editor. And it didn't take long before she was doing top journalistic work," Palsson says about the beginning of their work together. He says that her attentiveness, her conscientiousness, and her extensive knowledge of people were the characteristics which, in his eyes, made her personality unique.

He describes her workaday personality as "steadfast, calm and thoughtful." This early acquaintance of theirs, according to Palsson, is one of the reasons he sought out her support later on.

"It never occurred to me to go into journalism. I wanted to be a counselor," she says herself. But she got the job, in any case, and didn't look back. "Of course, I had some doubts as to whether I had the makings of a reporter in me, for example, I worried that I wasn't curious enough. Even though I am interested in most things, I am not really curious, insofar as I understand the word. I have also become aware of the fact that lots of things that other people make big issues out of, I don't even think are worth talking about—so I thought it was not unlikely that I would overlook things that were newsworthy. But everything went fine, and that year was great training for me. On the other hand, I gave up on continuing education after 2 years."

During her years at VISIR, Michaelsdottir wrote about the most diverse imaginable issues and people. Much of it had to do with industry, as well as general and political news. Her articles were often talked about and provoked reactions, as well as her interviews with various nationally-known individuals; but her reportage won her special fame because of her psychological insights and human sensitivity. She smiles at this, saying: "I don't know whether I am any more sensitive than other people. I would rather think that I am clear-sighted. It's hard for people to surprise me. I think that the human being is a fascinating and amazing thing. Maybe it's too banal to say it in an interview, but actually, I like most people."

The first interview for a weekend edition that Michaelsdottir did for VISIR was with Gunnar Thoroddsen. She had become acquainted with him earlier, out west. "He visited us, along with his staff, when he was president, and they came around later for coffee with Fridjon Thordarson. I grew very fond of the two of them, Gunnar and his wife Vala; they were among the most charming people I have ever met. They were so wonderfully in love with each other," she says. However, it is said that Michaelsdottir was unsatisfied with his government later, with regard to the party's economic resources. "It is of primary importance to a political party to keep its strength up as much as it can. I could not stay loyal to a politician who would divide our resources the way he did. On the other hand, this had no effect on my personal regard for Gunnar, who always affected me in an almost magic way. A lot of people thought I was being taken in, where they weren't; and I became unpopular in some places because of this. But it wasn't important."

Michaelsdottir also became acquainted with Geir Hallgrímsson through journalism and politics. "I think that the interview I did with Hallgrímsson attracted more notice than the one I did with Thoroddsen, since he was so amazingly candid and relaxed." She says that he has always been likable and direct in her acquaintance with

him. "I have the utmost appreciation for Hallgrímsson," she says, and she says she has given him as much support as she could through hard times in his political career.

Within the Independence Party many people look on Michaelsdóttir as a peacemaker. "You have to remember that you can't look at a political party as if it were a club, which some people are good enough to be in and others aren't. It's just like getting married. You pick a spouse without thinking about what the in-laws will be like. People pick a political party in the same way, without thinking about what other people already belong to it. It's the votes that determine how strong you are, and we should never lose sight of that."

In 1980 Michaelsdóttir was offered a position on the board of the Union of Trade and Merchants. "They were about to pick Ellert Schramm, and then VISIR came along and offered him an editorial position, and then they talked with Jon Órmur Halldórsson, who took the offer, but Gunnar Thoróddsen called up the day that Halldórsson intended to firm up the contract, and offered him a better job, as is well known—and then they called me up. I was very happy with VISIR, I didn't know anything about business, and I told them that. But after talking it over with some friends of mine I agreed to do it. Trade and Merchants represents all the unions that meet in the House of Merchants, that is, all the salaried workers and employers in the Icelandic business world. Our work was intended to be supportive of cooperation within the House, after the unions moved in. It had to do, on the one hand, with internal cooperation, and on the other hand with information on the conditions and economics of trade. The job was supposed to last for 2 years, and I looked on it as an opportunity to get involved in a line of work which would be handy to know about when I went back to journalistic work. The Union had its headquarters on the top floor of the Trade Bank building. We had monthly meetings with the directors of all the unions, plus a five-man directorate founded in the meantime under the chairmanship of Sigurður Gunnarsson, who was the director of Office Machines.

"This was an eventful and informative year. Besides the expected informational work, we made lots of trips all over the country and got to know self-employed people, both fishermen and shopowners, as well as people in employees' unions. I went on a fact-finding trip to the European Free Trade Association and to the European Community with the Association of Icelandic Industrialists and came back with my group the next year on the same kind of trip. It was a revelation for me to get an idea of European Community policies. These trips had a big effect on me; we accomplished a lot. Later we supported a conference here at home on the European Community, in cooperation with their staff and our embassy in Brussels. We were also involved with a meeting and a press conference on how to sell Icelandic wares abroad, where the presenters explained how we ought to aim at the different markets and conditions in the countries we trade with.

"I am very thankful for that time, particularly for the many excellent people I got to know and work with."

After having worked a year longer than she had originally intended, adding up to 3 years with Trade and Merchants, Michaelsdóttir decided to stay home for a few months. "I thought that both the kids and myself needed it," she says. She was given a number of job offers, including a position as news manager for DV. "I was as pleased as I could be with that offer, but I decided not to take it. Somehow I was in the mood, at that time, to be 'independent and free,' just like DV itself."

After Michaelsdóttir had been home for some months, Valur Valsson asked her to do some work for the Industries Bank. "I had a little difficulty seeing myself in a banking environment," she says, "but Valsson is a very convincing man." The bank was going through a lot of reorganization at that time, both in its interior structure and in its services. What was originally intended as contract work quickly turned into a full-time job. "After I had been at the bank for a year, the jobs were divided up into departments, and a marketing department was opened up. I never sought after managerial work; I didn't want to become a banker. I was always on the floating staff at the bank. After I was done with that work, I thought it was time to turn to a new task. I was asked to stay on for awhile, with definite tasks to do, like supervising the annual reports, and things like that. I agreed to that, and stayed with the bank until I opened my office at 15 Hafnarstraeti, in May of 1986."

In addition to her other work at her office, Michaelsdóttir wrote her best-selling book, "My Life and Happiness, the biography of Thuridur Pálsdóttir". The book came out for Christmas 1986 and was highly praised by laymen and professionals. The publisher, Johann Páll Valdemarsson, had had the idea in the first place, and got Michaelsdóttir to write it, as Pálsdóttir had asked him to. The two women had become friends when Michaelsdóttir had interviewed her for VISIR. Did it surprise Michaelsdóttir when the book became a best-seller? "No. I never expected anything else. It has nothing to do with me. A book about Thuridur Pálsson would have sold well no matter who wrote it. She is such an amazing woman and has so much to say."

Had there been a slumbering writer in her for a long time? "Hardly," she says. "I never thought of being a writer, just as I never thought of being a reporter." But she has not said goodbye to book-writing altogether, since her desk is now covered with manuscripts for an interview book with another prominent woman, Tove Engilberts, whom she describes as a mixture of Bohemian, aristocrat and just plain folks. She set the work aside when she was appointed prime minister's assistant, but she thinks she will finish it this year.

I asked her to tell us of her acquaintance with the prime minister.

"We first got to know each other when I worked on the paper, as I said before. As an editor, he was both respected by and popular with the reporters, since he is especially pleasant to work with and has a good sense of humor. He is loyal, and friendly, a great family man and a friend to his friends over and above whatever else is happening."

Politically, she has this to say about him: "Palsson is a strong personality, an honorable and trustworthy politician. He never says things just because people want to hear them; he is not an actor. He is capable, takes his work seriously, and holds to his principles. A politician like Palsson stands the test of time."

When asked about the media, she says that she is in favor of a free press, and says that its development ought to be such that the government media should be more devoted to technical and educational material, while the private media should be more emotional. "Of course the divisions between them wouldn't be that simple, but it doesn't seem unlikely that the tendencies would be in these directions."

But what about MORGUNBLADID, the Independence Party organ? "MORGUNBLADID has supported the viewpoint of the Independence Party for a long time, but it has never been a party paper in a fixed sense. That is a misunderstanding which seems to be difficult to correct. The paper is open to the viewpoints of all the parties, and has been in the vanguard in recent developments in this area. In addition, MORGUNBLADID is head and shoulders above all the other Icelandic media in news coverage. Those are not everyday men, who edit that paper."

Although her days as a reporter are over, Michaelsdottir has not stopped airing her thoughts in print. For some years now she has been writing the "Rabb" column in MORGUNBLADID's Reader, covering most aspects of human life, including the craziness of modern society, politics, the media, the generation gap, the concerns of the elderly, and the role of the church. I asked her whether people believe what she writes.

"I hardly know how to answer a question like that," she says, "since I don't exactly know how you can tell if people believe you or not. For example, I think that there is a difference between believing in God and knowing about God, though of course they are two sides of the same coin. When people tell you that God doesn't exist, I always think of the story about the two fishes that were swimming together, and the little fish asks the big fish: 'Where do you suppose this ocean is that everybody is talking about?'"

Does she consider herself always a seeker? "I don't think so. I see myself more as a watcher. When you are younger, you are always looking for answers, and in your

childhood you are always looking for some purpose for existence. It is not until you get over this need for answers, that enlightenment starts to come, little by little.

"We live in incredibly exciting times. Anything can happen; possibilities are endless, new value systems are coming into being. Under conditions such as these, it is important for us to develop our understanding and our adaptability, so that we will not miss our opportunities."

I asked Michaelsdottir about her future plans and goals. "I have never had any goals other than to help my children grow up," she says. "Everything else happened by itself."

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NETHERLANDS

Labor Party Commission on Party's Strategy Reports

Commission Hits Polarization

36140020 Rotterdam NRC HANDELSBLAD in Dutch
25 May 88 p 5

[Unattributed article: "Commission: PvdA Must Do Away With Polarizing Strategy"]

[Text] The Hague, 25 May—The PvdA must give up its polarizing strategy toward the CDA and VVD. The Social Democrats must be willing once again to engage in "normal" coalition politics and recognize that the political sphere of influence in the Netherlands is not divided into two parts.

Because no single party can obtain a majority, the PvdA must show itself willing in the future to enter into a coalition with any democratic party. The VVD must not be treated differently in this regard from the CDA.

For the sake of the party's recognizability and the dualism of government and parliament, however, the agreements on coalition government policy must be made less detailed. On the international level, the PvdA must apply itself to a strengthening of the Socialist International. In view of European unification and the strong position of the economy, a joint program by the European parties has become indispensable.

That is the central theme in the report which the strategy commission, under the leadership of parliamentary faction chairman Wim Kok, will publish in 2 weeks or so. The report of the Kok Commission is the third in a series. The ideological study "Sliding Panels" by the Pronk Commission and the report "Politics a la Carte" by the Middle Commission, which was obliged to take a

close look at the internal state of the PvdA, were published already last fall. Pron was already advocating "consensus forming" instead of confrontation in his report.

In its report the Kok Commission will depict at length the social "isolation" in which the PvdA now finds itself. That is also attributed to the "politicization" which the party itself zealously sought in the 1970's. That strategy resulted in the PvdA's not being able to strengthen its "mooring" in society at that time—on the contrary, it had to watch it become weaker. The long march through the institutions which was propagated in the late-1960's never really got going, according to the commission. On the cultural level the party is even "as good as absent." The elections of May 1986 illustrated that. At that time the PvdA did not succeed in winning over to itself the wavering voters of the middle who were quite sympathetic to Social Democracy.

Within the party's own circle the politicized state of affairs has had a negative influence. It has promoted a kind of conformism. An end must therefore be put to this by, among other things, attracting more people from outside for executive and policy functions. In addition, the Second Chamber faction must orient itself more toward the outside. For example, part of the faction should be made exempt from duties for that purpose. The "ombudsman work" ought to be expanded as well.

The Kok Commission will acknowledge in its report that this "shift in course" has far-reaching consequences. It is therefore pressing the party executive to prepare a new program of principles. Party chairman Sint, who is a member of the commission, expressed himself along these lines this spring.

Commentator on Labor Party

36140020 Rotterdam NRC HANDELSBLAD in Dutch
25 May 88 p 9

[Editorial by Hubert Smeets: "Some Compassion for PvdA in Order"]

[Text] How ill at ease they are. A reorientation of Netherlands Social Democracy is inevitable, there is hardly any doubt of that anymore. The PvdA has been in the process of "renewal" now for a year already—but with the fear of God in it. A very human motive. But will it bear fruit?

When the party executive put people like Wim Kok, Wim Meijer, Jan Pronk and Marjanne Sint to work on the renewal work last year, it was a brave act. If one takes on nearly the entire party leadership's job, one also puts all kinds of prestige at risk. The VVD did not do it for any other reason. It had ex-parliamentarian Geurtsen forge a new liberal position. That is now being tossed into the garbage bin with united force. Too bad for Geurtsen.

The PvdA did not do it that way and now is burdened with the consequences. Jan Pronk acknowledge that last week at an evening of debate with PSP [Pacifist-Socialist Party] member Wilbert Willems himself: The form of the procedure chosen also has consequences for the substance. But the party leadership is all too well aware of that. The strategy piece that faction leader Wim Kok will publish in 2 weeks—the third and last in the series of renewal reports—already has, by virtue of his signing it, almost canonical worth. If the party were to ignore it that would be not only a sin against the literally hundreds of meeting hours which Kok, his vice-chairman Meijer, who may be departing, party chairman Sint and general secretary Van Velsen, devoted to it until they were blue in the face. No indeed. It would then hurt itself above all—it would rob itself of its direction.

For that reason it will not happen because the Kok Commission anticipated the dangers. It did not take any all-too-great risks. Neither is its report sensational. The PvdA must once again conduct a "normal" coalition policy, oriented toward the VVD as well as the CDA. It must therefore be "fundamentally" willing to make compromises and not fixate its present opposition to the cabinet on parties, but on policy. History has "taught," after all, what the former strategy of polarization has led to. The same thing applies to the relations with the social organizations. They must not be allowed to become a one-way street as happened in the early 1980's with the IKV [Ecumenical Peace Conference].

In short, little that we did not know already, but that says nothing about its relevancy. It is very striking that the Kok Commission has made a hodge-podge of it, a mixture of the rational, managerial traditions of Social Democracy and the more elevated cultural patrimony of personalistic socialism. Or, to focus it a bit more on the persons of the composers, Kok and Meijer: The very least they need to do is to get on the same track as to their preferences. The fact is, they were not able to cut through the knots. On the contrary, they had to cautiously tack between each other with all the frustrations that go along with that. The candidacy of Wim Meijer for the Royal Commissariat in Drenthe is not a thunderclap out of the blue either.

Perhaps it could not have been otherwise. A party which causes its own position in the social sphere of influence to be analyzed, however, dare not be shy about drastic conclusions. And the PvdA is naturally that, of course. Any group would be if it had to reflect on its own existence. In the PvdA things are no different. If the scholars of the Wiardi Beckman Institute do as Paul Kalma in his "Socialism in Hock" (a plea for Social Democracy as a kind of "organized liberalism") and recently Paul Scheffer in "A Satisfied Nation" (a self-willed analysis of the ancient business=clergy dilemma in Netherlands foreign policy) did, the telephone in the party office at the capital's Nicolaas Witsenkade will not stop ringing and prominent party members will threaten

with disciplinary measures—whereas, after all, the WBS'ers [Wiardi Beckman Institute members] have been hired for those kinds of restive expressions.

If their own leaders then also put all-too-liberal views down in black and white, it will be Katie-bar-the-door. Then the leadership would either call fate down upon its head or upon the party.

The party leadership cannot even allow itself to say in plain terms that the social position of the party is so weakened that only a far-reaching break with its own past will offer relief. If it were to go ahead and admit ex cathedra that the historic mission of Social Democracy is completed and there is, alas, no new missionary work at hand, it would run the risk that the back bench would revolt and indeed it would feed an unacceptable "self-fulfilling prophecy." Both unpleasant prospects.

Some compassion for the PvdA is in order. Had the party leadership not just opted solely for caution in the analysis of the problem. Also, it appears to want to master "renewal" in another way. The WBS has a free hand, of course. But indeed the rest of the party must stay in line. It must be a process of gradual renewal. It must not be allowed to get out of hand.

The biweekly editorializing of VOORWAART (the best party paper in the Netherlands) is therefore no longer so popular at Witsengade. What former party chairman Max van de Berg never did or wanted to happen, Marjanne Sint goes ahead and does. VOORWAART's editorial statute is brought into play and the frequency of publication is cut back to once per month. It is now DE TOEKOMST, the propagandistic house organ of the Information Department which is being embraced.

Granted, the task of Sint and Kok is not a simple one. Ingratitude is also their reward. The crossroads at which Social Democracy stands—to choose unconditionally for individualization or not, to choose for the new aristocracy of the modern employees or not—forces it into unpleasant choices. The desire for a synthesis of the two divergent paths is thus great.

But one thing is certain: The golden middle path will not be achieved if the "renewal" results in a revolution from above. And it is gradually looking a bit like that. Two and a half centuries ago in Prussia that may have been successful, but that time is long past.

13238/06662

PORTUGAL

Transition From Opposition to Governing Seen Needed for PSD

35420089b Lisbon SEMANARIO in Portuguese
21 May 88 p 8

[Commentary by Jose Pacheco Pereira]

[Text] One of the PSD's more prominent characteristics is its strong partisan identity. During key moments of assertion under the leadership of Sa Carneiro and

Cavaco Silva, the PSD behaved like no other Portuguese party with the exception of the PCP. Capable of mobilizing quickly, endowed with great energy to act, the PSD, sweeping aside all hesitation, reveals all the virtues of a party on the offensive, ready to jump like a predator at the adversary's jugular.

Up to 1987, the attributes of a party on the offensive were set by the mechanisms of the political conflict that were dominant in Portugal. The revolutionary events within the State that dated from 1975 and the progressive draining of a political system built so as not to allow anyone to govern required this increased ire that the PSD would introduce in the political competition which resulted in the unbelievable absolute majority of 19 July. However, the public's concession of this majority was granted with "desperation with the cause," as a last opportunity within the current political order to create conditions for change. If the PSD's great achievement was to obtain this gift then it should now use it.

However, if an offensive party is an excellent weapon when one is in the opposition or when there is some cause to follow or resistance to overcome, it becomes less so when one is in office. At that point other strengths, such as managers, technical and political ability, a reservoir of knowledge about society and the State, great flexibility in the tools to be used in acting and a rationale of power and on power, move people and facilitate change.

The dilemma facing the PSD is to be able to affirm itself as a constructive government party while it maintains all the virtues of its partisan identity. In addition, through the exercise of this power, it must "pacify" society and find a new place in it. As a government party, it must fight for the construction of a society where it is not necessary to have a party of the type it used to be and to a great extent still is.

I think the key to the necessary evolution of the PSD, in tune with societal changes, lies in its progressive transition from an opposition party, where intrinsically internal virtues of organization and militancy were essential, to a party of judgment, where external virtues such as aggressiveness and competitive ability in the information system are vital.

This tendency is underscored by the growing quantity of accessible information, the increase in the number of sources of information, the diversity of possible selection, the decrease in cost and accessibility of production and distribution of information. Even more important than all of this is the fact that the great majority of decisions in the daily lives of common people will depend on having access to information. Its status in society will depend on its capacity to use and control information.

09935

3rd Faction Seen Emerging Within PCP

Seabra on 'Perestroyka'

35420089a Lisbon DIARIO DE NOTICIAS
in Portuguese 19 May 88 p 4

[Text] Communist leader Zita Seabra stated yesterday that "perestroyka" is "vital" and that its repercussions are already perceptible worldwide.

In an interview on "Antena 1", Zita Seabra said that what is happening in the USSR poses new problems concerning what makes up socialism "that would be crazy to ignore."

However, the PCP leader explained that "perestroyka" cannot be considered to be "exportable in so far as each country has its own reality."

During the interview, Zita Seabra declined to make any new comments on the process that recently culminated with her removal from the PCP's Political Commission.

Concerning author Jose Saramago's comment that "those who burn end up burned", Zita Seabra merely said, "As a reader, I have a great deal of admiration for Jose Saramago. Given the quality of the writing, I cannot help but read a political message."

Concerning former Communist Deputy Vital Moreira, Zita Seabra underscored that they are united by "a very solid friendship of many years."

Zita Seabra added that she recognizes "great political and human worth" in him.

The former PCP deputy, who spent 8 years in hiding, believes the political past "cannot be presented as a bill, a type of invoice that is presented now."

She gave this appraisal of her 15 years in the PCP: "I believe I never acted politically irresponsible, although I do not pretend that everything I have done has been strictly correct."

One other topic of the interview involved women's participation in political life. "Women continue to have difficulty in entering politics. The situation is better than in other European countries but it is far from being desirable," she said.

Finally, when asked if the interview she had just granted was an anti-PCP interview, Zita Seabra stated, "I do not consider it to be a campaign against my party for, had I thought so, I would not have come."

Meeting Reportedly Scene of Heated Exchanges Lisbon SEMANARIO in Portuguese 14 May 88 p 3

[Article by Joao Mesquita]

[Text] During Monday's meeting of the PCP's intellectual sector, which includes writers, journalists, teachers, etc., the emergence of a third faction reportedly became especially obvious. This meeting was one of a group of meetings promoted by the leadership this week aimed at winning over militants to side with the Central Committee's 4 and 5 May decisions. According to our sources, at that Central Committee meeting, the majority of speakers (Zita Seabra stood out although she had received a sanction) put the internal "method of debate" to be adopted as the main problem. It particularly defended the need for "horizontal circulation of information" within the party structure.

Essentially this would be a rejection of a "split" in the party and an attempt to "create the conditions for a compromise that will create space in which to have internal debate." This is within the perspective of the debate Antonio Hespanha publicly called for in an article he recently published in DIARIO DE LISBOA and Barros Moura in an interview on TSF. From this perspective, the question of the "six" or of Zita Seabra apparently took a back seat, even though the "third faction" adherents support the demand that the documents given the Central Committee by the "protestors" be made public as well as a detailed explanation of the motives behind Zita Seabra's removal from the Political Commission.

Of course, according to our sources, such talk at this meeting of the intellectual sector led to a "high level" debate which at the same time limited the number of speakers who openly took the Central Committee's side "to no more than 4 or 5" (among more than 200 present). Among these were Alberto Villaverde Cabral, assistant chief editor of O DIARIO, and author Antonio Modesto Navarro.

The former, who was reportedly hissed, produced a speech that our sources classified as "disastrous." He ended up by calling for the removal of some militants from the party who had condemned the way the Central Committee has been conducting the matter. The second, despite the displeasure that his speech also produced among the majority of the meeting's participants, reportedly made a "sheepish defense" of the leadership positions.

On the other hand, our sources feel that the reaction of Angelo Veloso (the Political Commission member responsible for the intellectual sector) to the innumerable criticisms that were heard during the meeting "although harsh, could have been worse." Veloso, who spoke in the middle of the session and again at the end,

reportedly admitted there was a need to "discuss everything" after "agreement on the method to follow." This reportedly facilitated the ability of the "third faction" followers to state their positions during the second part of the debate.

The former PCP presidential candidate confirmed, meanwhile, the leadership's refusal to make the documents of the "six" and Zita Seabra public or provide details on the reasons that led to her removal from the Political Commission. He limited himself to insisting on the accusation that the former communist deputy for Aveiro associated with "circles that are hostile to the party leadership." Such an attitude, again according to our sources, led to "more heated" statements such as the one in which the poet Jose Carlos Gonzalez declared that he refused to admit that Zita could be considered "a traitor."

What consequences can the emergence of this "third faction" have on the evolution of the PCP's internal struggle? That is something only the near future will be able to clarify. For now, even its followers recognize that "no one has the answers in his pocket." They are essentially basing their positions on the conviction that "the road to unity is already very narrow." Thus the reason for the radicalization of attitudes that we have witnessed recently.

Once more, the French example comes up. To the partisans of the "third faction," the difference is that in a country in which the tradition of "bourgeois democracy" is infinitely less significant than in France, the Communist Party "will not take the same 10 years to experience an electoral decline to the 7 percent level."

In immediate terms, it is certain that we are in the presence of a reduction in the tension that existed right after the Central Committee meeting. It is certainly not by chance that the most prominent representatives of the renewal wing once again imposed on themselves complete silence after having publicly expressed their solidarity with Zita Seabra toward the end of last week. Zita herself, after having made public a carefully worded reaction to her sanctions, did not make any more statements on the subject. She even contradicted expectations to the contrary that had been raised in some circles.

Also, the tenor of yet another text published in the pages of DIARIO DE LISBOA by a prominent leader of the "renewalists" did not go unnoticed by observers. Although the author of the article tenaciously criticized the Central Committee's decision, he finishes his prose by defending the need to "retrace one's steps," alleging that "we are condemned to understand one another."

The editorial in the most recent edition of AVANTE, which hit the newsstands on Thursday, can be interpreted in this light. It maintains that "renewal is a

leading internal party task" and as such "should encompass all spheres of party activity." It should "only be limited by the ideological principles and the class characteristics" of the PCP.

The truth is also that the decision not to remove Zita Seabra from the Central Committee—as the so-called hardliners wanted—or to prepare a new program and review the statutes—contrary, for example, to what had been foreseen by Jose Casanova in his renowned interview with EXPRESSO—had already been interpreted in some circles as an "actual reversal" by the leadership. However, the following day, a note from the Secretariat violently criticized the short statements made the day before by Zita Seabra and five who signed the so-called "document of the six." This criticism was repeated by Angelo Veloso when he spoke at a PCP meeting on agriculture in Santarem. Alvaro Cunhal himself, when pressed by a journalist at the press conference following the Central Committee meeting on whether there would be disciplinary measures taken against party militants who have published opinion pieces in DIARIO DE LISBOA, merely requested: "Do not precipitate events..."

The make up of the program and statute revision committees, which should be known in the next few days, thus takes on somewhat the character of a test of the real intentions of the leadership in this area. Many other things may depend on the results of this "test."

09935

SPAIN

Poll Reflects Attitudes Toward Spanish EC Membership

35480086b Madrid DIARIO 16 in Spanish
10 May 88 p 47

[Text] Madrid—According to the data from a poll taken by the Sociological Research Center (CIS) 2 years after Spain's entry into the EC [European Community], to which Europa Press has had access, 34 percent of Spaniards think that our country has not benefited, or has benefited less than other countries, from membership in the EC.

Based upon these data, Spaniards express a favorable attitude toward entry into the EC, but voice certain misgivings, and seem to be waiting to see how events will transpire over the next few years.

Concretely, 52 percent of those polled think that Spain has benefited from joining the EC, but 20 percent of them feel that, for Spain, this benefit has been less than for other countries. A total of 17 percent believe that the benefits have been the same, and 5 percent, that they have been greater; while 10 percent have no answer.

On the other hand, 34 percent of those queried claim that, in their opinion, Spain has not benefited from the membership; while 14 percent are undecided.

Generally speaking, 56 percent think that the situation in Spain has improved since it joined, while 30 percent are of the opinion that it has worsened.

The most positive assessments occur among the youth and students, individuals with schooling beyond the primary level, and PSOE and leftist voters. The most critical views come from persons between 41 and 60 years of age, and AP [Popular Alliance] and rightist voters.

As for the Autonomous Communities, the greatest satisfaction occurs among the residents of Catalonia, Baleares, and Madrid; and the disenchantment, among the residents of Galicia, Asturias, Cantabria, the Valencian Country, and Murcia.

When asked about the effects of the integration that they deem positive, they underscore the operation of democracy, Spain's role in the world, the country's social modernization, the modernization of business firms, the benefits for tourism, the improved egress of Spanish products to Europe, and the purchase of European products at good prices.

2909

Public Opinion Poll on Influence Peddling Published

35480086a Madrid *DIARIO 16* in Spanish
1 May 88 pp 10, 11

[Text] Influence peddling is quite familiar to a vast majority of Spaniards, a high percentage of whom, nearly 40 percent, claim to know personally someone who has benefited from an irregularity of this type. The existence of political and economic favors is greater now than in the past, according to those polled, who express pessimism about the possibility of remedying the situation.

Madrid—Nearly 40 percent of Spaniards are "certain and convinced" that someone known personally to them has benefited financially from influence peddling; that is, political and economic favors, the existence of which virtually no one doubts.

These are the principal data from an opinion poll taken by the Emopublica y Asociados firm for D-16 on 20 and 21 April, through a personal survey on the street of a sampling of 800 persons aged 18 and over, in the national territory, except for the Canary Islands.

Of those queried, 38.7 percent claim to "personally" know someone who has benefited financially from influence peddling; a figure considered extraordinarily high. Even one out of every three Spanish Socialist Workers Party (PSOE) voters, 31.4 percent, admits to knowing of some instance of this.

Among the United Left (IU) voters, there are more who claim to know personally of a case than who do not (49.1, compared with 47.3 percent); as well as among Leftist Nationalists (60, as opposed to 26.7 percent), and among those who assert that they will cast blank ballots (51.7, versus 48.3 percent).

Understandably, among the unemployed there is a pre-dominance of persons claiming to know someone who has received favors from the public authorities; and those of younger ages who were queried claim to have more information than their elders (see Table 1).

A Vast Majority

The vast majority of Spaniards think that there is influence peddling in Spain; that is, political and economic favors in the town halls. Similar percentages are recorded when it is time to answer the question regarding the central government, the central administration, or the autonomous governments.

Concurrently, almost no one doubts the existence of influence peddling (the percentage of those who don't know or don't answer, NS/NC, is very low), not even among the government party voters; although, in this instance, the percentages are closer: 76.4 percent claim that such irregularities exist, while 13.6 percent say that they do not (see Table 2).

The case, or example of influence peddling occurring most frequently in Spain, according to those questioned, is "giving a position or a job in public administration to friends or relatives." Half of those polled think that this is happening; this is even the case, as in the previous instances, among those who claim to have an electoral preference for PSOE.

More Than Before

The second instance of such irregularities most often cited is "favorable treatment, in general, to friends or relatives" (27.3 percent); other instances were cited far less frequently: "the necessity of paying a cash commission to a public servant" (6.3 percent); and "urban reassessments to take advantage of land reappraisal" (4.8 percent).

Only 3.3 percent, a very low percentage, claim that none of the cases described in the Emopublica poll question occurs (see Table 3).

CUADRO 1. CONOCIMIENTO PERSONAL DE UNA IRREGULARIDAD (1)

¿Tiene usted la certeza y el convencimiento de que alguien personalmente conocido por usted se ha beneficiado económicamente del tráfico de influencias? (2)

	INTENCION DE VOTO (8) (9) (10)										NIVEL ESTUDIOS			
	Total	AP	CDS	PSOE	IU	(5) Nac. Dcha.	(6) Nac. Izda.	(7) Otros	No Votan	Votan Blanco	NS NC	(11) Primarios	(12) BUP COU	(13) Medio Super
Si (14)	38,7	45,1	44,1	31,4	49,1	34,0	60,0	38,9	41,7	51,7	27,1	30,2	48,1	56,9
No (10)	55,7	47,3	54,9	62,8	47,3	51,1	26,7	38,9	56,3	48,3	65,4	63,7	47,5	36,2
NS/NC	5,6	7,7	1,0	5,8	3,6	14,9	13,3	22,2	2,1	0,0	7,5	6,1	4,4	6,9

CUADRO 2. EXISTE TRAFICO DE INFLUENCIAS (15)

¿Cree usted que existe tráfico de influencias —es decir—, favores políticos y económicos en...? (16)

(19)					(3)									
	(17)	(18)	Los Gobiernos de las Autonomías	(20)	INTENCION DE VOTO									
	El Gobierno Central	La Administración Central		Los Ayuntamientos	(Referida a la cuarta cuestión: Ayuntamientos)(21)									
					AP	CDS	PSOE	IU	(5) Nac. Dcha.	(6) Nac. Izda.	(7) Otros	(8) No Votan	(9) Votan Blanco	(10) NS/NC
Si (14)	81,5	82,1	82,1	83,4	87,9	87,4	76,4	92,7	85,1	86,7	88,9	86,1	86,2	76,6
No	8,8	7,5	6,3	7,5	4,4	4,9	13,6	1,8	4,3	6,7	5,6	8,3	3,4	6,5
NS/NC (10)	9,7	10,4	11,6	9,1	7,7	7,8	9,9	5,5	10,6	6,7	5,6	5,6	10,3	16,8

Key: 1. Table 1: Personal Knowledge of an Irregularity; 2. Are you certain and convinced that someone known personally to you has benefited financially from influence peddling?; 3. Voting intention; 4. Schooling level; 5. Nationalist Right; 6. Nationalist Left; 7. Others; 8. Not voting; 9. Vote blank; 10. Don't know/no answer; 11. Primary; 12. Intermediate; 13. Higher; 14. Yes; 15. Table 2: Does Influence Peddling Exist?; 16. Do you believe that influence peddling, that is, political and economic favors exist in....?; 17. Central Government; 18. Central Administration; 19. Governments of the Autonomous Regions; 20. Town Halls; 21. (relating to the fourth question: Town Halls)

Although approximately half of those interviewed claim that, under the PSOE government, there is the same influence peddling as during the UCD [Christian Democratic Union] governments (a datum to be added to the low social rating received by politicians as a class in Spain), there is a larger number of those polled expressing their belief that this irregular practice has increased.

In fact, 27.2 percent (one out of every four persons interviewed) claim that influence peddling is now "greater", as opposed to 16.7 percent (one out of every six) with the opinion that there is "less." In this case, only the PSOE voters, understandably, hold a view different from that of the voters from the other parties; although 13.6 percent of them (one out of every seven) admit that the current influence peddling is greater (see Table 4).

What Will the Government Do?

While Spaniards so overwhelmingly charge influence peddling, a considerable majority of them lack confi-

dence that the government will apply a remedy to these irregularities occurring in the exercise of political power.

A total of 61.5 percent of those queried admit they do not believe that the present Socialist government will combat influence peddling.

This percentage is appreciably higher among Popular Alliance (AP) Social Democratic Center (CDS), and United Left (IU) voters; but even 33.5 percent of those who state their intention of voting for PSOE (one out of every three) do not believe that their desired government will apply a remedy to the situation (see Table 5).

As a result of all this, the confidence existing in the commission formed in the Congress of Deputies to investigate and solve influence peddling is minimal. The poll was taken before the latest decisions by the commission, which has remained virtually at a standstill, were made public; hence, the percentages obtained now would presumably be higher.

CUADRO 3. LOS DIFERENTES CASOS (1)

¿De los siguientes casos/ejemplos de tráfico de influencias cuál cree usted que se da con más frecuencia en España? (2)

(3)

	INTENCION DE VOTO										
	Total	AP	CDS	PSOE	IU	Nac. Decha.	Nac. Izda.	Otros	No votan	Votan blanco	NS NC
Colocar/dar trabajo en la Administ. Pública a amigos o familiares (10)	49,1	52,7	49,0	46,7	41,8	53,2	50,0	33,3	52,1	62,1	42,1
Que sea necesario pagar una comis./dinero a un funcionario (11)	6,3	7,7	7,8	4,2	7,3	2,1	6,7	22,2	8,3	10,3	1,9
Recalificaciones urbanísticas para aprovechar la revalorización de terrenos (12)	4,8	4,4	5,9	5,2	5,5	4,3	13,3	0,0	4,2	6,9	2,8
Trato de favor, en general a amigos o familiares (13)	27,3	26,4	27,5	25,7	40,0	23,4	20,0	27,8	26,4	13,8	31,8
Ninguna de ellas (14)	3,3	2,2	2,9	4,2	1,8	4,3	0,0	0,0	4,2	6,9	1,9
NS/NC (9)	9,4	6,6	6,9	12,0	3,6	12,8	0,0	16,7	4,9	0,0	19,6

CUADRO 4. MAYOR HOY QUE AYER (15)

¿Piensa usted que el tráfico de influencias que pueda existir hoy es menor, igual o mayor que el que pudo existir en tiempo de los Gobiernos de UCD? (16)

(3)

	INTENCION DE VOTO										
	Total	AP	CDS	PSOE	IU	Nac. Decha.	Nac. Izda.	Otros	No votan	Votan blanco	NS NC
Menor (17)	16,7	5,5	8,7	36,6	14,5	6,4	40,0	5,6	11,8	10,3	11,2
Igual (18)	48,4	39,6	42,7	41,9	65,5	57,4	53,3	72,2	52,1	55,2	48,6
Mayor (19)	27,2	49,5	46,6	13,6	18,2	25,5	6,7	16,7	29,9	34,5	18,7
No hay tráfico de influencias (20)	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,9
No había en tiempos de UCD tráfico de influencias (21)	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,9
No había antes ni hay ahora (22)	0,8	0,0	0,0	2,6	0,0	0,0	0,0	5,6	0,0	0,0	0,0
NS/NC (9)	6,6	5,5	1,9	5,2	1,8	10,6	0,0	0,0	6,3	0,0	19,6

Key: 1. Table 3: The Different Cases; 2. Of the following cases/examples of influence peddling, which do you think occurs most often in Spain? 3. Voting intention; 4. Nationalist Right; 5. Nationalist Left; 6. Others; 7. Not voting; 8. Vote blank; 9. Don't know/no answer; 10. Placing/giving jobs in public administration to friends or relatives; 11. Necessary to pay cash/commission to a public servant; 12. Urban reassessments to take advantage of land reappraisal; 13. Favorable treatment, in general, to friends or relatives; 14. None of the above; 15. Table 4: Greater Now Than Formerly; 16. Do you think that the influence peddling that may exist now is less than, the same as, or greater than might have existed under the UCD governments?; 17. Less; 18. The same; 19. Greater; 20. There is no influence peddling; 21. There was no influence peddling in UCD times; 22. There was none before, nor is there any now.

Nearly half of those interviewed, 44.7 percent, do not trust that the aforementioned commission will do its work effectively, while 32.2 percent believe in it, owing primarily to the backing that it receives among those declaring themselves to be PSOE voters (57.6 versus 20.9 percent). And 12.5 percent (one out of

every eight) claim not to know what the commission is (see Table 6).

Technical Data

System: personal poll taken on the street; universe: individuals aged 18 years and over; size of sample: 800

CUADRO 5: DESCONFIANZA (1)

¿Cree usted que el Gobierno socialista va a combatir el tráfico de influencias? (2)

(3)

	INTENCION DE VOTO										
	Total	AP	CDS	PSOE	IU	(4) Nac. Dcha.	(5) Nac. Izda.	(6) Otros	(7) No votan	(8) Votan blanco	(9) NS NC
Si (10).....	25,7	8,8	18,6	53,9	23,6	21,3	13,3	22,2	13,9	6,9	22,4
No	61,5	85,7	74,5	33,5	67,3	59,6	73,3	66,7	75,0	82,8	49,5
NS/NC (9).....	12,9	5,5	6,9	12,6	9,1	19,1	13,3	11,1	11,1	10,3	28,0

CUADRO 6: INEFICACIA (11)

¿Confía usted en que la Comisión en el Congreso de los Diputados para investigar y solucionar el tráfico de influencias hará su trabajo eficazmente? (12)

(3)

	INTENCION DE VOTO										
	Total	AP	CDS	PSOE	IU	(4) Nac. Dcha.	(5) Nac. Izda.	(6) Otros	(7) No votan	(8) Votan blanco	(9) NS NC
Si (10).....	32,2	23,1	22,5	57,6	34,5	25,5	40,0	38,9	19,4	10,3	26,2
No (13).....	44,7	60,4	56,9	20,9	52,7	40,4	53,3	44,4	59,0	69,0	32,7
No sabe qué es esta Comisión	12,5	13,2	7,8	9,9	7,3	12,8	0,0	11,1	13,9	6,9	25,2
NS/NC (9).....	10,6	3,3	12,7	11,5	5,5	21,3	6,7	5,6	7,6	13,8	15,9

Key: 1. Table 5: Lack of Confidence; 2. Do you believe that the Socialist government will combat influence peddling?; 3. Voting intention; 4. Nationalist Right; 5. Nationalist Left; 6. Others; 7. Not voting; 8. Vote blank; 9. Don't know/no answer; 10. Yes; 11. Inefficacy; 12. Do you trust that the commission in the Congress of Deputies to investigate and solve influence peddling will do its work effectively?; 13. Don't know what this commission is.

interviews; sampling error: plus or minus 3.5, with a significance level of 95 percent for proportions of 50 percent (P = Q); scope: national (except the Canary Islands); sample distribution: proportional to region and habitat; selection of the individual: sex, age, and occupation quotas; dates of field work: 20 and 21 April 1988; field work execution: Emopublica y Asociados, S.A.; administration: D-16.

2909

TURKEY

Opposition Attacks Yusuf Ozal's U.S. Home Ownership

35540148a Istanbul GUNAYDIN in Turkish
8 May 88 p 7

[Text] Ankara—The opposition has made its views known regarding Minister of State Yusuf Bozkurt Ozal's

fabulous villa in Rockville, an exclusive city in the state of Maryland in the United States.

Social Democratic Populist Party Secretary General Fikri Saglar said: "The Ozal dynasty is preparing to return. They are trying to safeguard their future by buying property in the United States. We will submit a motion of inquiry to the Assembly to see who else in the dynasty owns villas and ranches in the United States."

Fikri Saglar demanded that "the administration which has doubled our foreign debt to \$40 billion in 5 years, but which has not done anything for the country while driving the people into hunger and poverty," to explain where it has spent all the money. Saglar said: "One is forced to become suspicious about where all the money borrowed from abroad is spent. The Motherland Party [MP] and its supporters have pillaged the country. Examples of that are emerging one by one. First there

were allegations about a ranch, now there is the brother Ozal's house. One wonders how many more houses, ranches, airplanes, yachts, buildings and bathhouses they own in the United States. If there are other members of the Ozal dynasty who have houses and ranches in the United States they should come out and declare it now. Because they will be exposed one way or another."

Saglar charged that the Ozal government impoverished the people and that when the nation was no longer able to give it told them: "Those who do not like it may leave." Saglar continued:

"When my compatriot leaves, he does not have a house to stay in in the United States. But these people know that one day the citizens will tell them, 'you leave'; so they are buying houses and ranches in the United States. They are safeguarding their future. It appears that such issues will come up frequently in the MP in the coming days. Those who have such properties should declare it now. This issue will be discussed in the Assembly. We will submit a motion of inquiry."

Preparation for Return

Koksal Toptan, the deputy leader of the Assembly group of the Correct Way Party [CWP], said with reference to the real estate purchased by the Ozal family in the United States: "They are preparing to return. May they live happily there after they return."

Stating that the disclosure that Yusuf Ozal owns a house in the United States is quite revealing, Toptan said:

"It is hard to understand why this family has begun buying property in the United States. But it shows that the Ozal family is not in Turkey to stay. It is planning for the days when it will return to the United States and is preparing to return."

"It is remarkable that while low and fixed-income citizens in Turkey cannot buy a single room in a house, much less a whole house, those who are in government have houses worth ¼ billion Turkish lira in the United States. One would also be curious to know what type of work the person said to be renting this house is doing on behalf of Turkey. One is unavoidably forced to wonder whether other members of the Ozal family and MP members with ties to that family have houses in that country."

'Does Not Your Conscience Hurt?'

Murat Sokmenoglu, CWP parliamentary deputy from Hatay and the spokesman of the CWP in the Assembly, asked Yusuf Ozal who owns a 400-million-lira house in the United States: "Does not your conscience hurt? How does it feel to own a villa abroad while strangling the citizens?"

Noting that the younger Ozal, like his brother, has always told the citizens "to save" and "to tighten their belts," Sokmenoglu said that those who steal from the citizen's daily bread are seeking shelters overseas. Sokmenoglu added:

"You hold the citizen by the throat and tell him to save. Then you go and buy a small palace in the United States. Of course life is good in the United States. They will go and live there after they reduce the citizens here to pulp."

"The younger Ozal, the boss of Turkey's economy, invites foreign investors to invest in Turkey. He tells them: 'Come here. Turkey is a reliable country.' If Turkey is so reliable why does he buy property overseas? If the minister responsible for the economy takes his title deeds from the United States then there is something in Turkey which does not inspire confidence in him. These people do not have confidence in their own country and citizens. After causing so much suffering to the citizens, the Ozals naturally see their security in the United States. When they are in real trouble they will fly to the United States."

9588

Iran Seen as Dilemma for Turkish Diplomacy 35540153b Istanbul HURRIYET in Turkish 17 May 88 p 5

["In Politics" column by Coskun Kirca: "A Way Out for Iran"]

[Text] In an article published early last week, THE NEW YORK TIMES urged the United States to find a graceful way out for Iran to persuade it to end its war with Iraq.

We agree with that view. Iran is a strategically important country for the West. The West or the Soviet Union would gain a major advantage in the Middle and the Near East if Iran chose to shift its weight to one or the other side. After the fall of the Shah, the mullahs governing Iran refused to offer such an advantage to either side as part of their religious ideology. For Khomeyni, both the United States and the Soviet Union are satans. The latitude America has had in its actions aimed at sobering up Iran largely stem from the confidence that arises from this ideology of the mullahs.

Iran now is considerably weaker than Iraq in terms of weapons such as rockets, airplanes, tanks and artillery. For a while Iran was able to maintain battlefield superiority over Iraq thanks to its advantage in the number of troops. However, according to more recent analyses, Iran is having problems even in that area.

Iran's position is based on a fanatical concept of justice. According to that ideology, in this war Iran is right and Iraq is wrong, and Iran will not lay down its arms until this injustice is acknowledged by an impartial international body. It is true that Iraq started the war. But after

many years of fighting, Iraq has openly declared that it is willing to end the war without any gains to Iran's disadvantage, while Iran has insisted on continuing this brutal conflict. This fanatical stance has overshadowed Iran's justified claims about who started the war.

Now Iran is in a difficult position. Iraqi rockets are able to destroy Iranian cities with far more effectiveness than Iran's ability to reciprocate. The intervention of the U.S. navy in the Persian Gulf has been very successful. The United States has ensured the security of oil transportation through the Gulf by enlisting the support of West European nations; it has stopped Iran from attacking neutral ships while leaving intact Iraq's ability to attack Iranian ships and oil installations as well as neutral ships carrying Iranian oil; and by raising the morale of the Arab countries it has strengthened inter-Arab solidarity against Iranian expansionism and has motivated them to take serious steps. In contrast, Soviet diplomacy flirted with Iran for a while but decided to stick to a balanced policy in order not to risk losing the Arab world. It should be noted that the Iraqi rockets that are razing Iranian cities are Soviet-made. China has pursued a similar policy. It sold "Silkworm" missiles to Iran—which could not use them out of fear of American retaliation—while allowing Saudi Arabia to buy missiles which can reach any target in Iranian territory.

Most recently, the United States declared that it will extend its navy's protection to all neutral ships and even tankers carrying Iraqi oil in addition to the reflagged Kuwaiti tankers. Saudi Arabia broke diplomatic relations with Iran and abandoned its oil policy based on mutual pretention with Iran; it adopted a policy which will cut the price of oil further and thus reduce Iranian oil revenues substantially. Most importantly, while Iran has failed to score any major victories along the battlefront, Iraq regained control of the Fao peninsula. Even the Iraqi use of poison gas against Iranian troops and even its own people led to only humanitarian outcries in world forums, but these outcries did not assume proportions which could alter the course of the war.

Will Iran learn a lesson from this situation? It is hard to tell. Because nobody can foretell where religious fanaticism may lead. Even so, the Iranian mullahs must be offered an honorable way out. The "Irangate" affair, its fundamental and procedural mistakes notwithstanding, has proven that the United States has not given up on Iran despite everything that has happened. Now it would be sensible for the United States to give the same signal to Iran by other means. China, which has gained commercially from the Gulf war, and the Soviet Union, which has chosen not to act against the U.S. decision to exclude it from the business of protecting trade routes in the Gulf, do not wish to vote for a UN Security Council resolution which would impose a full arms embargo against Iran. Even so, nobody can easily oppose a resolution which carries fairly explicit statements to the effect that it was Iraq who started the war. Under present

conditions, American diplomacy may find it advantageous to pursue this path. Naturally, if such a resolution is passed, it should not have other consequences. Indeed, neither side must demand war reparations.

As for Turkish diplomacy: The United States can always deviate from its neutrality in the war to some extent and then resume a more impartial policy. The United States can do that because it has large punitive means at its disposal. Turkey's punitive means are much more limited.

Present conditions do not permit Turkey to take a stance which may offend Iraq. It is not Turkey which will persuade Iraq on this issue. We must understand that Turkey does not have much maneuvering room on this issue. Iran already views Turkey as a foe. It would be wise not to offend the Arab world as well.

9588

Chinese Assimilation of Turkic Peoples Alleged

*35540153c Istanbul TERCUMAN in Turkish
15 May 88 p 5*

[Text] COMMON VOICE, a semiannual journal published in India, reports that the People's Republic of China is pursuing a policy of repressing the 30 million Muslims living in East Turkistan while establishing friendly ties to Turkey and Islamic countries.

COMMON VOICE reports that, as part of its effort to assimilate the Turks, the Beijing government settles 200,000 Chinese in East Turkistan every year. The journal states that, as a result, the share of Uigurs in the population of the region has declined from 75 percent to 45 percent. The publication adds that the Red Chinese government has gone further than that and has established a new institute named Chung Tang to encourage interethnic marriages between Chinese and Uigurs in East Turkistan. According to the journal, the government, which offers a bonus of 2,000 yuan to every Muslim Turk who marries a Chinese, is thus planning to alienate the Muslim Turks from their customs and traditions.

The journal also reports that the Beijing government has coupled its policy of assimilation with a campaign to change names of localities in East Turkistan with Chinese ones. For example, East Turkistan has been changed to Sin-Kiang, Urumchi to Tihua and Kasgar to Kashi.

9588

Kurdish Support Issue Threatens To Split SDPP
35540153a Istanbul TERCUMAN in Turkish
20 May 88 p 7

[Text] Ankara—Cemal Seymen, a pro-Baykal parliamentary deputy from the Social Democratic Populist Party [SDPP], charged that keeping the Kurdish issue constantly on the front burner is harming the SDPP and is making the party's rank and file "uneasy."

Stating that he believes that the people of eastern and southeastern Anatolia are repressed for ideological reasons and not because they are Kurdish, Seymen said: "[Motherland Party deputy] Kamran Inan's family is also of Kurdish origin. There are many rightist Kurdish families. Are they being repressed?" Stating that some SDPP deputies have reportedly flashed "victory signs" in the East and that those signs symbolize a dual federation consisting of a Turkish and a Kurdish state, Seymen said: "We must not allow these."

Criticizing the attitude of SDPP deputies from the East, Seymen said:

"I do not think that all the people of eastern and southeastern Anatolia agree with such a policy. The approach is faulty. I do not believe that the people of that region are repressed because they are Kurdish. The repression is ideological. Kamran Inan's family is also of

Kurdish origin. There are many rightist Kurdish families. Why are they not repressed? If we assume that they are repressed because they are Kurdish, we will not get anywhere.

"If the SDPP continues to keep this issue on its agenda constantly, that would be contrary to the interests of both the party and Turkey. The party's rank and file does not agree with this. If we do not say that 'everyone who is associated with the Turkish state with ties of citizenship is a Turk,' we will never be able to end this problem. We hear that some of our colleagues have been flashing victory signs in the East and that that sign purportedly symbolizes a dual federation consisting of a Turkish and a Kurdish state."

'Let Us Not Be Caught in Traps'

Noting that the SDPP has become the leading party in Turkey according to opinion polls and that such policies would affect that standing, Seymen said: "We must not be caught in these traps. These things happened in the Republican People's Party as well. Whenever the party's popularity ratings rise we get issues on the party's and Turkey's agenda which hurt the party. We must not let ourselves be exploited."

9588

NORWAY

Nonsocialist Opposition, Officers Decry Delay in Funds Plan

1989-1993 Plan Again Delayed

36390071 Oslo AFTENPOSTEN in Norwegian
19 May 88 p 3

[Article by Thorleif Andreassen: "Defense Plan Postponed Again"; first paragraph is AFTENPOSTEN introduction] txt

[Text] It has caused considerable amazement in political and defense circles that the Government has again postponed presentation of the long term plan for the Defense Department. According to what AFTENPOSTEN has learned, the form of the report is to be totally changed. From several authorities it has been learned that the remarks of the chief of defense on the Government's presentation were so serious that they contributed to this surprising postponement.

It is obvious that the work on the long term plan for the Defense Department for the period 1989-1993 is a problem for the Government. The number of rough drafts which have been written internally is beginning to be very large.

It is customary that the comments of the chief of defense on the long term plan are attached to the report. The chief of defense has a duty to point out the consequences of a new budget framework on the Defense Department. Leaks indicate that the Government is planning for reduced annual real growth for the Defense Department. This—and the fact that the Defense Department is now burdened with activities which were previously paid for by other budgets—is probably among the points that Chief of Defense Vigleik Eide will express his opinion about—in plain language.

Surprise

A number of the proposals which have leaked out from the Government's presentation have caused surprise in the Defense Department. Among other things, there is the Defense Department's assumption that measures alien to productivity are being introduced to create productivity growth—without any guidance as to how this growth is to be attained. At the same time it is in the cards that the permanent number of personnel in the Defense Department is to be reduced by 1 percent. That means 1,300 people during the 5-year period.

Debit

Thor Knudsen (Conservative MP), vice chairman of the Storting Defense Committee, cannot understand why the report is again delayed. "It is extremely dangerous. We have been promised it several times. The defense minister said in October 1987 that the proposal for a long term plan would be presented last fall so that the

Storting representatives could have it as Christmas reading material. Since then, it has been said on several occasions that it is just around the corner. The fact that the presentation has once again been postponed contributes to making the political environment more and more confused about what is really behind this," said Knudsen, who strongly pointed out that 1989 is the first year in the new long term plan.

"These delays are a debit on the work of the Defense Committee," he said to AFTENPOSTEN.

Changed Formulation

The long term plan for the Defense Department should have been presented in the Cabinet next Friday. But then came the word that it was delayed and that an announced press conference was called off. The reason given was that the government decided to examine more closely the formulations in the report. It was further stated that the new postponement was because several cabinet members had expressed a wish to study the plan more closely.

One of several questions which certainly will cause the Government trouble is how large the cuts will be, and where they will take place.

Spending Cuts Demoralizing Officers

36390071 Oslo AFTENPOSTEN in Norwegian
19 May 88 p 3

[Article by Liv Hegna]

[Text] The Defense Department's clear orders for reductions in the current year's budget and detailed directives for savings in the years to come have had a demoralizing effect on the officer corps. Storting Representative Tore Austad (Conservative), who is a member of the Defense Committee, told AFTENPOSTEN that through letters and verbal statements he has been made aware that the corps is considerably disillusioned.

"The positive tendency which has characterized the Defense Department so far in the 1980's has been broken," he said. Austad stated that the Defense Committee feels helpless in the situation. The committee was not informed of changes in the Defense Department as facts. Austad said that he was very embarrassed when the committee recently participated in a discussion at the Defense Staff College, but had to pass when the students asked questions about the changes. The committee had not been informed of the circumstances by the department.

Grim Humor

Storting Representative Austad has noticed a significant grade of grim humor in the officer corps. "The situation appears black for most of them," he said, and added:

"I especially believe that the budgets, which will be presented as three alternatives with zero growth as the lowest alternative, seem difficult. I understand those who now claim that the defense minister is imposing an 'uncertainty planning method.' The concept 'plan' can no longer be defended. A plan assumes determination and farsightedness," said Austad.

Want List

In the Defense Department's budget directive for 1989 it states that the zero alternative will include the highest priority materiel projects and provide for necessary completion of projects underway. The 2-percent alternative will include a "want list" with a total price tag of 295 million kroner, while the 3-percent alternative will include materiel investments for an additional 149 million. The officers believe that concrete and total planning based on a given threat evaluation is difficult to conduct under such budget constraints.

In the Defense Department directive of 4 March signed by Defense Minister Johan Jorgen Holst it states that the department clearly understands that operational growth of one-half percent is a tight framework, and furthermore:

"Further tightening in the new planning period is intended. Price compensation on a real basis will otherwise be a deciding factor."

Delegate Authority

Little has leaked out to the public about a possible opposition in the GHQ to the department's new economic assumptions for the defense forces. An exception is Maj Gen Dagfinn Danielsen, Inspector General of the Army, who in a speech to the Oslo Military Association a couple of weeks after he had received the department's detailed budget directive, said the following: "Too detailed directives exclude reductions doing the least damage to our defense capability. If delegation of authority is to be carried out within the defense forces, it is an assumption that political authority should delegate authority to the military leadership."

Detailed Management

In the budget directive dated 4 March the department gives exceptionally detailed guidelines for the operation of the defense forces, among other things directing how to reduce energy consumption in defense establishments.

Holst Challenged in Parliament

36390071 Oslo AFTENPOSTEN in Norwegian
20 May 88 p 12

[Article by Liv Hegna: "Long-Term Plan: The Progressive Party Wants Holst To Answer"; first paragraph is AFTENPOSTEN introduction]

[Text] "When will the long term plan for the Defense Department appear?" Storting Representative Hans J. Rosjorde (Fr.P) [Progressive Party] wants a reply from Minister of Defense Johan Jorgen Holst.

Rosjorde posed the question for the Storting question period on Wednesday. He will, however, hardly get a reply from the defense minister himself, since Defense Minister Holst, according to his plans for that time, will be in Brussels participating in the semiannual meeting of NATO defense ministers.

AFTENPOSTEN has learned that the Government and the Executive Committee of the Labor Party saw the long term plan for the first time with the chief of defense's comments on it on 16 May. That was only 4 days before the Defense Department's announced press conference and broad presentation—in Norwegian and English—on the contents of the plan.

What additions the department has received from the Government and the Executive Committee has not been made public. Lt Gen John Rudshagen, Chief of Staff at Defense GHQ and Acting Chief of Defense has only confirmed to AFTENPOSTEN that they have been thinking and writing about the issue in GHQ since the paper was returned on 16 May.

President of the Lagting Thor Knudsen (Conservative MP) told AFTENPOSTEN that it is a very serious matter if the Chief of Defense cannot freely comment on the long term plan. Knudsen is vice chairman of the Storting Defense Committee.

Minister Pledges Action Soon

36390071 Oslo AFTENPOSTEN in Norwegian
25 May 88 p 3

[Article by Thorleif Andreassen: "The Defense Plan Is on Schedule"; first paragraph is AFTENPOSTEN introduction]

[Text] The defense minister rejected assertions that the Government is delaying the presentation of the long term plan for the Defense Department. Johan Jorgen Holst said that on the contrary, the Government is on schedule with this plan.

The cabinet minister said that yesterday when the Storting dealt with the Defense Department ombudsman's report for 1987. It was Hans J. Rosjorde who brought up the issue of the long term plan, and referred to Holst's statement that the plan for 1989-93 would be presented to the Storting before Christmas 1987.

The defense minister asserted that this is a large and important issue. "We are well on schedule in presenting the applicable long term plan," said Holst, who did not want to say more about this question yesterday. The cabinet minister said that he would answer a question about it during the day's question period in the Storting.

Complaints

During the discussion of the Defense Department ombudsman's activity last year it was disclosed that 87 complaints were decided in favor of the complainant. There were a total of 242 cases dealt with in 1987, somewhat fewer than in the preceding year, when the number was 261.

Complaint cases from enlisted personnel were for the most part questions involving orders, advancement and failure to promote. There were an increasing number of complaints regarding enlisted conditions of service.

Economy

As for complaints from conscripted soldiers, there is still a relatively high number dealing with moving, transfers, discharges—and exemptions and postponements. There is, however, a clear increase in the number of complaints related to economic conditions. Curiously, there were only two complaints about the food in the defense forces.

Keeping a Car

During the past 4 or 5 years the funds that the Defense Department has paid out for rental costs for occupationally necessary cars for soldiers have doubled. Last year about 10 million kroner was paid out for car rental costs.

"The situation indicates that more and more soldiers are assuming rather significant debts before their military service. This is a problem for the Defense Department in tight economic times. But large amounts of borrowed funds cannot be used to get a postponement or an exemption from military service," warned Asa Solberg Iversen (Labor Party MP).

9287

PORTUGAL

Document Testifies to Dissatisfaction in Air Force Ranks

35420087 Lisbon *TEMPO* in Portuguese
19 May 88 p 11

[Article by Handel de Oliveira]

[Excerpt] A memorandum received by our office and which is circulating in military and political circles concludes that the Air Force is notorious for harboring discontent. The unsigned document is entitled "Memorandum on Personnel Administration in the Air Force." It emphasizes the need for change and observes that "in the next few months the Air Force will be in a unique position to build the foundations" for this change, now that Vice Chief of Staff Gen Costa Gomes has been

transferred to the reserves for having passed the age limit of the regular forces, "while next August, for the same reason, Chief of Staff Brochado Miranda will retire as well."

It is to be remembered that we described this situation in our previous edition, to which today we may add that if by August a new chief has not been nominated, these functions could be carried out in the interim by the most senior active Air Force officer, Gen Baptista Pereira, currently director of the Institute of High Studies for that branch of the military.

The memorandum cited above begins by affirming that "for some years now an atmosphere of veiled dissatisfaction and nonconformism has prevailed in the heart of the Air Force, which has grave and destructive consequences for the prestige and operational capabilities of that institution, given the low level of motivation among officers and sergeants and the large-scale transfer to the reserves of the most capable and highly qualified officers.

"Over the last 2 years the situation has worsened considerably, evidenced by the avalanche of dozens of suits in the Supreme Administrative Tribunal, contesting the decisions of the chiefs of staff, especially with respect to promotions and the allegation that promotion policies are rife with vice and in violation of the law.

"The plaintiffs argue in this respect that the information and review system, apart from being closed and therefore not accessible to outside observers, is not based upon concrete and objective principles, and consequently does not protect the legitimate rights of those being reviewed since, as has occurred quite regularly, this obviously leads to arbitrary and discretionary decisions."

Promotion System in Violation of the Law

It continues: "Another bone of contention is the fact that the Air Force has established, for certain posts, a promotion policy depending solely upon the decision of those responsible for the promotion, violating the law of the Constitution itself which states that these promotions must necessarily be effected not only by decision but by seniority as well, in relative percentages to be fixed annually by the Council of the Chiefs of Staff.

"Since in the Army and the Navy the law and the Constitution are scrupulously complied with in this respect, that is, promotions are effectively made based upon decision and seniority, it is obvious that in this area the Air Force has been in open violation of the Constitution, with respect to the principle of equality of citizens in the eyes of the law."

The memorandum continues: "It is strange that the Council of the Chiefs of Staff has consented to a situation in which the Air Force, in terms of its legal attribution, has established criteria and procedures so completely unlike those followed in the other two branches of the Armed Forces.

"It can be verified from the latest facts that the Air Force chiefs of staff have done nothing to eliminate the existing causes of dissatisfaction and ill-will."

13026/9274

SPAIN

Division in PSOE Over Military Reform Discussed

35480089 Madrid EPOCA in Spanish
23 May 88 pp 46-50

[Article by Fernando Rueda: "Narcis Serra in the 'Gun-sight' of War"]

PSOE Faction Scores Military Reform as Too Conservative

[Text] In recent weeks various people linked to the deputy prime minister, Alfonso Guerra, have criticized moves by the defense minister, Narcis Serra. Matilde Fernandez and Carlos Sanjuan have come out in favor of a more progressive military policy. Serra, who is responsible for the current in-depth military reform, is not prepared to change. His likely replacement, Jose Barrio-nuevo, would pursue the same policy.

"The armored division is easily worth a mass." This was the terse, aggressive front-page headline of the 9 December 1982 edition of a newspaper. It was alluding to the incident that had been the focus of all Spain's attention the day before. It was the beginning of contacts between Felipe Gonzalez, the first Socialist prime minister under democracy, and the military, the de facto power par excellence that the PSOE had most feared during the previous 40 years.

The first contact between the PSOE and the military was dominated by nervousness. Felipe Gonzalez remained tense during the ceremony (Serra indicated to him at one point during the mass that he was supposed to sit down), but he passed socialism's "pending exam" (which was what it was all about).

8 December 1982 will also go down in history as the day that the Armored Division's tanks, which a year before were on the verge of rolling down the streets of Madrid during the rash attempt at a coup d'etat on 23 February, lined up in front of Socialist Felipe Gonzalez.

Five and a half years have passed. Relations between socialism and the Armed Forces are completely or almost completely different. The PSOE's first defense

minister, Narcis Serra, has steadily imposed his authority, but while respecting military tradition. He has not taken into consideration the positions that such prestigious fellow party members as Enrique Mugica or Luis Solana defended years ago while in the opposition.

This disregard of longstanding demands has been one of Serra's ongoing problems. Throughout these 5 years he has not paid much attention to criticism from the PSOE, certain that he has the unconditional support of the prime minister.

Voices in the party are periodically raised against aspects of his policy. Some would like it to be more progressive. Others seek only to counter the vote-getting policy of United Left on defense issues. Matilde Fernandez, a member of the party's Executive Commission, is one of the latter. Last week during a meeting of the Socialist International in Madrid, she stated that she would ask the defense minister "to spend less on weaponry."

Among those who want a "progressive" shift in defense policy is Carlos Sanjuan. Charged by Deputy Prime Minister Alfonso Guerra with drafting a report for the PSOE's Program 2000, he has renewed the longstanding criticism of some pillars of the Armed Forces. He says that the Spanish military "abides by the constitution but is not yet imbued with a constitutional ideology." And he opposes the current system of military education and military service.

Sanjuan's "Good Sense"

Like the spokesmen of the Socialist Party and the Defense Ministry, Sanjuan, a retired judicial commander, prefers not to comment further on his report, so as to avoid touching off a new controversy. Julio Busquets, the Socialist deputy who is best versed in defense issues, has told EPOCA that "what Sanjuan says sounds fine to any military man. It is all quite sensible." His opinion is not shared by various military sources that this weekly has consulted; they understand "neither the meaning nor the timing of Sanjuan's assertions."

A Socialist activist who is familiar with the progress of Program 2000 has told this magazine that Carlos Sanjuan's document "is a first draft, not the final one."

PSOE sources feel that Sanjuan's "philosophical" criticisms are designed to culminate the so-called "Serra reform." "Some major reforms," they indicate, "will be implemented in the coming months. For example, Gen Ricardo Marzo, the ministry's chief of education, whose performance is regarded as 'very good,' has managed to standardize the competitive examinations for acceptance into the military academies of the three branches. They will be held this year in Madrid with a computerized system, which will guarantee fairness and equality."

The socialist circles that were consulted feel that there are still two black marks on the reform of military schooling: the selection of professors and the subjects being taught to future lieutenants. "It is obvious that less has been accomplished in the area of education than in other reforms, such as justice."

The Socialist Party's desire that Serra lend the ministry a more "progressive" bent is obvious in its election platforms. During the first election campaign after the advent of democracy, 11 years ago now, they retained the language of an opposition in exile: "As a result of the role that it was assigned during the previous regime, the military has not had available either the appropriate technical resources or the proper training and structure. All military personnel must feel that they are part of the nation, and the entire nation must feel part of the military."

Two years later they offered similar proposals in their election platform, promising "the reform of military education, so that it embodies the necessary humanist and technical content and respect for the constitution."

In the 1982 campaign platform, which brought them to power, they put forth the same reforms that Sanjuan has in his Program 2000: "We must reform aspects of military education, both basic schooling and advanced training, by introducing the necessary methods, professors, complementary courses, etc so that the technical quality of education improves and its content is brought fully into line with constitutional and democratic principles."

Confrontation Over the UMD

In the 1986 election campaign they again defended the reform of military education, although they no longer used the constitution as a reference. "Ongoing improvements will be made in the rationality and quality of military education in accordance with national realities," they indicated. "To this end, the centers of military education will be restructured, thus enhancing the quality of the faculty and of the material taught."

As we can see, the essence of the criticisms by Carlos Sanjuan, a Guerra man, is a constant in the PSOE electoral platforms. This has so far not prevented Serra from pursuing a much more conservative policy, which is supported unconditionally by Felipe Gonzalez.

Military education and the need to make the Armed Forces respect the constitution have not been the only points of disagreement between the current defense minister and his party.

During the years of the first legislature, various Socialist leaders were unceasing in their efforts to rehabilitate the former servicemen who belonged to the Democratic Military Union. They felt that the PSOE had a debt to them. Some, like the Catalan Busquets, expended all of

their energies in the effort. Serra, pressured by the four lieutenant generals of the Joint Chiefs of Staff (JUJEM), convinced the prime minister of the need to wait. At times the tensions between Serra and the PSOE were almost unbearable. The defense minister finally won out. Since the partisans of the UMD members, with Alfonso Guerra in the lead, no longer trusted that Serra would keep his promise during the present legislature, they included a clause at the end of the electoral platform: "The status of those who were expelled from the Armed Forces for belonging to the UMD will be resolved once and for all."

To forestall pressures from the top echelon of the military Serra announced his decision to reincorporate the UMD members after the JUJEM had quit and he had not yet appointed a new one.

To ingratiate himself with the members of his party who had put so much pressure on him, he yielded to one of their demands: he would not sign the pardon for the men who had been convicted in connection with the 23 February coup attempt. They had called on him not to: "The cause of the UMD must not be mixed up with the rash coup attempt." The Supreme Council of Military Justice had already ruled favorably on a pardon for Alfonso Armada and Luis Torres Rojas, and thus the thinking in the Armed Forces was that they would be leaving prison. In contrast to what the top echelon of the military was expecting, Serra was categorical. The petition is still sitting on his desk.

The problems during the present legislative session have been more minor. The aforementioned problems of military education and service were compounded several weeks ago by the promotion and subsequent appointment of Lt Gen Andres Cassinello as field marshal of the Western Pyrenees Region.

The lieutenant general was dismissed as chief of staff of the Civil Guard for publishing an article in ABC entitled "To the Lordship Whom It Concerns." Among other remarks, there was one that sat especially badly with Socialist leaders; it had to do with a grammatical error ("dieciseisavo") by the minister of culture, Javier Solana.

Serra's Successor

Serra realized the bad feelings that Cassinello's rehabilitation was going to cause and decided to proceed shrewdly. As Defense Ministry sources have told EPOCA, he took the same approach that on previous occasions enabled him to gain major support for his reforms. Personally in some cases and through colleagues in others, he informed a small group of PSOE leaders in advance of the decision that he had agreed on with the prime minister. He did not speak with the opposition this time, as he was wont to do in very important cases

when Manuel Fraga was the president of Popular Alliance. "It's not the same with Hernandez Mancha," the aforementioned sources say.

The revamping of the administration and the expected appointment of Jose Barrionuevo as defense minister will not entail any shift in ministerial policy. The PSOE's most progressive faction will have to wait until next time.

8743

SWEDEN

Citizens' Panel Investigating Bofors Urges Export Law Changes

Arms Export Regulations Attacked

36500117 Stockholm DAGENS NYHETER in Swedish
21 May 88 p 6

[Article by Bo G. Andersson and Bjarne Stenquist:
"Double Standard and Hypocrisy"]

[Text] The citizens' commission which has investigated the suspicious arms deals by Bofors and the FFV [Swedish National Industries Corp.] wants to radically reshape the present guidelines for Swedish arms export.

Today's system invites double standards and hypocrisy and is not adapted to reality, it says in the commission's report, submitted on Friday.

The commission directs sharp criticism against all the administrations which applied the 1971 guidelines to the export of weapons. Politically responsible people did not sufficiently inform the Swedish public about the considerations involved in approving the military equipment deals, the commission maintains.

"In the ethically flavored debate that grew up, demands were put forward which could not be reconciled with Sweden's security policy interest. Swedish governments acted as if this contradiction did not exist and maintained that the guidelines were adhered to even in cases when that was questionable," it says, for example, at one place in the report. The criticism is directed at both Social Democratic and non-socialist administrations.

The 1971 guidelines are, according to the commission, only to be regarded as vague directions from Parliament. The governments were not obligated to follow them. It says in the guidelines that export of war materials should not be approved to nations at war or to nations which are involved in international conflicts or which have internal unrest.

Against the background of the internal unrest in certain states in India, the citizens' commission has arrived at the conclusion that the large howitzer transaction Bofors made with the Indian government "is not compatible with a strict interpretation of the guidelines."

More Liberal

In the commission's opinion, it was just as inconsistent of the Social Democratic administration in February 1986 to allow export of Bofors' Missile 70 antiaircraft system to Pakistan.

When the regulations were introduced in 1971, they were said to be the expression of a tightened arms export policy. But in fact, the report says, they meant a liberalization. For instance, the commission points out the fact that subsequent deliveries of spare parts and ammunition were approved even if the purchasing nation was at war.

The commission also believes that the present guidelines damage the Swedish foreign policy by creating "friction between Sweden and the nations that feel discriminated against with the Swedish policy." They have also contributed to undermine the respect Bofors and other arms exporters have for the regulatory system.

In order to remedy this, the commission proposes two new conditions for exporting weapons in order to replace the 1971 guidelines. Export will be permitted if it is regarded as necessary by the government in order to assure the supply of materiel to the Swedish defense forces. Further, the export must be compatible with the goals of Swedish foreign policy.

The commission wants to retain the general ban on war materials export. But it believes the new conditions must be written into law, that is to say the government must be forced to comply with them.

At the press conference Friday, Olof Rydbeck, chairman of the commission, said that he hoped the proposal would prevent double standards and hypocrisy.

"The purpose is to obtain clearer and simpler rules and a more open debate about the issues—not to increase the arms export," he further explained.

It was on 2 April last year that Prime Minister Ingvar Carlsson appointed the citizens' commission. In addition to Rydbeck, Prof Kerstin Fredga, Prof Emeritus Nils Stjernquist, Prof Gunnel Vallquist and Bengt Wieslander, Supreme Administrative Court justice, were the members. They had legal, foreign policy and military expertise available to them.

Government Approved Greek Purchase

36500117 Stockholm DAGENS NYHETER in Swedish
21 May 88 p 6

[Article by Bo G. Andersson and Bjarne Stenquist:
"Government Approved Reexportation"]

[Text] The Swedish government itself has participated in and approved reexportation of Swedish war materials through Great Britain. In 1975 Trade Minister Carl Lidbom allowed Bofors to circumvent the Swedish arms embargo to Greece by fictitious deliveries of ammunition to Great Britain.

This is revealed by the citizens' commission in its report. That and other examples regarding the FFV's export of arms to prohibited countries through Great Britain is the reason the commission aims strong criticism against the government. The government's own participation in avoiding the Swedish regulations has given the Swedish defense industry the impression that the arms export regulations "could be given a very wide interpretation," the commission says.

Passiveness

The government is also criticized for "far-reaching passiveness" as regards monitoring the Swedish export of weapons.

In September 1975 the British Ministry of Defense turned directly to the Swedish army attache at the embassy in London. The question involved Swedish participation in the modernization of the aerial defense of a Greek port city. The British company Marconi was to have principal responsibility for installing new fire control equipment.

Greece had been closed to Swedish arms export ever since the coup by the junta of generals in the late 1960's. In 1975 the situation was very tense in Cyprus, where Greek and Turkish troops had fought a regular war the year before.

The British asked whether the Swedish government could approve deliveries by Bofors of ammunition and parts for antiaircraft guns. The British Ministry of Defense would pose as purchaser, but the materiel would go directly to Greece.

The army attache then wrote to War Materials Inspector Lage Thunberg in Stockholm. His proposal for a decision was that the British should be allowed to purchase the antiaircraft materiel with the addition "Reexport according to Her Majesty's Government's own decision."

Several Times

Trade Minister Carl Lidbom in the Social Democratic administration approved the draft. In a coded telegram the political section of the Foreign Ministry transmitted the government's approval to the Swedish Embassy in London.

The citizens' commission points out that this was not the first time the government was aware of the fact that Swedish arms were going to prohibited nations via Great Britain. The Foreign Ministry had received similar information in discussions directly with the British at the Foreign Ministry in Stockholm in November 1965. Indications of this sort have also been revealed in an exchange between the FFV and the War Materials Inspectorate in the late 1970's and early 1980's.

The FFV's agreement with the British Ministry of Defense regarding reexportation of the Carl Gustaf anti-tank rifle to the entire British Commonwealth was made in 1963. However, it took as many as 25 years, until early 1988, before the government asked to examine this agreement.

Lack of Capability

The circumstance that the government, despite having information, did not acquaint itself with the problems around the Swedish arms deals with Great Britain "indicates extensive passiveness and lack of capability to monitor the application of the (arms export) regulations," the commission writes.

The commission has also studied the so-called Australia affair. In March this year, FFV's former technical director Sigfrid Akselson came forward in DAGENS NYHETER with the information that in the summer of 1966 Defense Minister Sven Andersson had urged FFV to circumvent the government's arms embargo of Australia. By means of deliveries from Great Britain, Australia received already ordered Swedish ammunition for the Carl Gustaf antitank gun despite the country's participation in the Vietnam War.

Akselson has been severely criticized by the administration, which says that there is no proof in writing.

The commission writes that it does "not exclude that Sven Andersson may have been aware of the deal. This is supported by the available testimony as well as the situation Sweden had ended up in vis-a-vis Australia" by breaking signed contracts.

The commission concludes with the following comment:

"Sven Andersson was known as a wise and responsible politician. The measure he potentially sanctioned was of the kind which a few years later was accepted according to the guidelines now valid for the arms export."

In the 1971 guidelines for the arms export, subsequent deliveries of ammunition and spare parts for already signed contracts were approved.

Prime Minister Backs Recommendations

36500117 Stockholm DAGENS NYHETER in Swedish
21 May 88 p 6

[Article by Dick Ljungberg: "Carlsson Satisfied With the Study"]

[Text] "The decisive point for me in the report of the citizens' committee is that it concludes what I have long advocated, that no cabinet members, Social Democratic or non-socialist, have contributed to the smuggling of weapons." This is what Prime Minister Ingvar Carlsson says in a comment to DAGENS NYHETER.

It was Ingvar Carlsson who appointed the commission in order to obtain independent investigation of all allegations regarding illegal arms export and the turns around them. To the question of whether he believes that people's suspicions have now been allayed, he replies:

"I think it is important that this independent commission consisting of five highly regarded persons who had nothing to do with the political decisions or handling makes its evaluation, clearing the air and clarifying what took place and what did not take place."

In contrast to the memorandum of the Standing Committee on the Constitution, the citizens' commission uses plain language in its criticism of the administrations, with expressions such as lack of vigilance, passiveness, inconsistency and naivete.

"I think we should accept the criticism for lack of vigilance," Carlsson says. "But there is the explanation that all of the administrations assumed that major Swedish companies speak the truth, but that was not the case within this sector, which is a disappointment."

The commission largely condemns the present guidelines for Swedish arms export. They have led to double messages, it believes. On the one hand it has been said that the rules for export are restrictive, on the other hand the administrations were favorably disposed toward export, for reasons of employment policy, among others.

"I will of course carefully study the commission's analyses and proposals. As far as I understand, it wants the guidelines tied to the Swedish foreign policy, and that is an interesting thought. But I want to think it through myself and discuss it with my colleagues in the cabinet and with other parties," Carlsson says.

It has already been decided that there will be a study of the connection between Swedish arms export and Sweden's need for its own arms production. It will then be

natural to debate the commission's proposals, among others that the arms export should be regulated in legislation rather than through guidelines, in the prime minister's opinion.

[Question] Can the ambiguous message to the Social Democrats be due to the fact that the party is split on the issue of arms export?

"My evaluation is that we have been restrictive in declaring a country acceptable. Then, once the decision has been made to permit export to it, the government regarded it as its responsibility to support the export efforts in the same manner as for other companies," Carlsson replies. "But we have a limited choice of acceptable countries."

The commission believes that the only acceptable reason for exporting weapons is Sweden's own security interests, and Ingvar Carlsson agrees with that. Employment reasons, for example, should not be a factor, he said in his so-called Norrland speech on the arms export last winter.

Conservative leader Carl Bildt agrees with the citizens' committee that the arms export has been surrounded by ambiguous messages. Politically responsible persons have not informed the Swedish people with sufficient force and openness about the security policy motives which necessitate Swedish arms export.

The arms export must be further scrutinized, demands the VPK's [Left Party-Communists] representative on the Standing Committee on the Constitution, Nils Berndtson. The report of the citizens' committee does not answer all questions.

Algernon Freed of Suspicion

36500117 Stockholm DAGENS NYHETER in Swedish
21 May 88 p 6

[Article by Bo G. Andersson and Bjarne Stenquist: "Algernon Freed of Suspicion"]

[Text] The citizens' commission frees the deceased war materials inspector, Carl Algernon, from suspicions of having been involved in Bofors' suspected smuggling deals.

At the same time the commission members direct very serious criticism against the company's former managing director, Martin Ardbo, and the marketing director, Hans Ekblom.

The citizens' commission determines—although in fact it is not obligated to do so—that the Swedish defense industry has carried out arms export in violation of the regulations. The harshest criticism is aimed at Bofors and the two dismissed directors, Martin Ardbo and Hans Ekblom.

Misinterpretation

The commission does not exclude that the directors "deliberately misinterpreted statements by Algernon" in asserting that the latter approved deliveries of antiaircraft ammunition via Singapore to Oman in 1985. The members did not find any documents indicating that Carl Algernon was informed of this deal.

In a single case—involving a 40 mm cannon to Oman in 1982—the commission believes it proved that Algernon knew that the materiel had reached a nation not approved for Swedish arms export. In practice, the committee accepts a version given by Algernon himself in notes left behind and found in his briefcase after his death. Algernon wrote that the Oman cannon was a singular occurrence which was utilized to the maximum by the Bofors directors in order to place the blame for all the deals on the War Materials Inspectorate.

All Administrations

The commission is also amazed that none of the three living war materials inspectors are indicated as sharing responsibility for the smuggling.

"It is near at hand to suspect that it is not a coincidence that deceased persons are being singled out. The circumstance that they cannot defend themselves injects a very unpleasant note," it says in the report.

The commission frees not only Algernon but also all other officials in the cabinet office as well as all cabinet members involved from the accusation of having known about illegal arms deals.

This conclusion is based on studies of all the material which exists in preliminary police and customs office investigations, in Foreign and Defense Ministry archives and at the War Materials Inspectorate. They are also supported by the questioning of 44 involved persons on 53 different occasions.

The commission blames all administrations collectively for having contributed to the smuggling by producing "ambiguous messages" regarding the arms export and by failing to supply the War Materials Inspectorate with sufficient resources.

The administrations failed in their vigilance and did not react to very clear warnings, among them from the embassy in Bangkok, about the smuggling of Swedish weapons through Singapore. But this does not in any way release the Bofors directors from responsibility, in the commission's opinion.

The commission further says it is highly unlikely that Missile 70 exists in Iran, which is asserted by various sides. This statement is based on, among other things, information from Swedish and foreign intelligence services.

Paper Comments on Proposals

36500117 Stockholm DAGENS NYHETER in Swedish
21 May 88 p 2

[Editorial: "The Political Responsibility"]

[Text] The Rydbeck Commission has not found any evidence that any cabinet member approved or had knowledge of the arms smuggling. Since a minister of justice recently stepped down because he had neglected to inform himself about something he ought to have known, the cabinet members' lack of knowledge is not enough to free them from responsibility for the armament scandals.

The commission is critical of the arms export policy conducted by various administrations since 1970. In general, its viewpoints are not very original; most of it has been said many times in the last few years. The basis for the criticism is that Swedish arms export is needed with regard to our own security interests and that such export need not be incompatible with the other goals of the foreign policy.

A key sentence in the report says that "the shortcomings in the arms export policy have contributed to the undermining of the respect by arms exporting companies in the existing regulations." Among the indicated shortcomings is that state authorities have conveyed double messages, that the guidelines for arms export have sometimes been disregarded and sometimes applied in an inconsistent manner and that the monitoring authorities have failed in suspicion and vigilance.

The commission further says:

The politically responsible persons "did not over the course of the years inform the Swedish public with sufficient force and openness about the conditions of the Swedish security policy and about the considerations which form the basis for and necessitate a Swedish arms export."

When the arms export as such was attacked with idealistic arguments, Swedish administrations "acted as if this contradiction did not exist," that is to say they ducked these attacks on an important element of the security policy.

In their present form and definition the existing guidelines for export are "a burden for Swedish policies."

By his actions in the case of Indonesia, former Foreign Trade Minister Mats Hellstrom "contributed to spreading suspicion against the government's arms export policy."

What importance is to be ascribed to this criticism? Citizens' commissions charged with examining the government's activity are unusual in Sweden. There are no formal rules governing them, but in reality a citizens'

commission occupies a more authoritative position than any other investigating organ, with the sole exception of Parliament. The commission is free and independent. The government itself has chosen members in whom it and everyone else will to have confidence, without limiting the selection to just journalists or just parliamentarians (as in the case of the two Palme commissions). The commission could be regarded as some sort of honorary court.

A large amount of material is presented in the report, but parts of the foundation for criticism are contained in secret documents. It is, therefore, not very useful to examine one or another particular point as to whether the presented facts provide sufficient support for the commission's evaluations.

Had the Standing Committee on the Constitution [KU] submitted and had Parliament approved the abovementioned criticism, a constitutional crisis would have resulted. Cabinet members who are accused by Parliament of having contributed to undermining the respect for arms export regulations and of having spread suspicion against the government's politics, of having neglected to inform the public of the conditions of the Swedish security policy, of having applied the guidelines for arms export in an inconsistent manner and without reacting to the fact that the guidelines intrinsically are a burden on Swedish policy—such cabinet members must be replaced. The commission's criticism would, if expressed by Parliament, be equivalent to a vote of no confidence.

However, the majority of the argumentations in the report do not apply solely to the present administration. The analysis includes the period after 1970, and the commission seems consciously to avoid grading its criticism of various administrations and cabinet members. Nevertheless, it transpires indirectly that the ways of handling the arms export have been different. A restrictive atmosphere prevailed "during a period around the beginning of the 1980's," when the practice seems to have been not to accept new buyer nations. It is during the years after 1982 that the policy was most inconsistent in a liberalizing direction, and that is also when, during the Hellstrom period, the ability to see or understand nothing was scandalous, which also caused KU to react.

What is the government now to do, beyond thanking the commission for interesting viewpoints? Refuting the criticism would be the equivalent of condemning the very idea of a citizens' commission. If the government accepts the criticism, there must reasonably be consequences for the composition of the administration. Compare the weight of the commission's criticism with the motives which were presented for replacing the minister of justice last fall! The mistakes and omissions that were committed concern the security of the realm, in the commission's opinion.

11949

DENMARK

Paper Suggests Urgent Economic Agenda for New Government

36130062a Copenhagen BERLINGSKE TIDENDE
in Danish 18 May 88 p 12

[Text] An adjustment of the economic policy before the Folketing takes its summer vacation has become a timely matter. A position must be taken on the extent of action to limit consumption as well as its relative application to private and public consumption. Here there is concrete material for negotiations on a government and a government program that takes the balance of payments and foreign debt seriously.

For some time one has been able to observe how one after another of the assumptions in the economic policy of the fall of 1987 has proven to be wrong. So far in 1988 both the international and the domestic economy have developed differently from what was expected. Therefore, one can criticize, as BERLINGSKE TIDENDE pointed out yesterday, the fact that negotiations are being conducted at Christiansborg on economic policy without a political awareness of the most recent estimates about economic conditions that are now or soon will be in effect.

At the annual meeting of The International Currency Fund last month there an estimate of the international economy was made that was somewhat more optimistic about the size of economic growth in 1988 and next year. The estimate that the OECD has presented in advance for the ministers meeting that begins today points in the same direction. The Western economies are moving somewhat more rapidly than expected, and the lack of balance between on the one hand the U.S. and on the other Japan and West Germany is not diminishing. From a Danish point of view it is also significant that the composition of the growth of the various components in demand is different than was assumed last fall.

The data available on developments in the domestic economy during the past 6 months also point in the direction of greater economic growth. The relatively good development in employment might have been because the mild winter accelerated a demand that would, therefore, be less later in the year. This pessimism is now groundless. The rise in private consumption is at the upper limit of what is acceptable, and the growth in public demand is far beyond what is acceptable. A continuation of the present public demand for consumption and investments is incompatible with the goal of a rapid end to the growth of foreign debt. More than fingerprints must be removed!

It is almost a classical error in Danish economic policy not to have reduced the growth in domestic demand for private and public consumption in step with the counterbalancing rising demand from abroad. In the present

situation competitive ability is reasonably good. The improved economic prospects for both 1988 and 1989 should, therefore, be completely taken advantage of, and this also means now.

09124

Schluter's Export Stimulus Package Seen Finally Paying Off

36130062b Copenhagen BERLINGSKE TIDENDE
in Danish 8 May 88 p 1

[Article by Berit Andersen: "Export Boom Has Finally Arrived"]

[Text] Exports in the steel industry have risen by 26 percent in the first quarter of this year after the passage of the export package. Steel, therefore, expects a strong rise in employment this year. At the same time, there are many indications of a marked fall in Danish consumption.

All predictions of bad times for Danish industry have now been put to shame by the real world. Exports are on the way up.

Mainly in the steel and machine industry, which is our largest industrial branch. It looks like a turnover of 100 billion kroner with an export share of 70 percent.

The rise in exports here is 26 percent in relation to the same time last year. That is, from the end of December to the end of March. This comes from completely new figures for order volume, drawn up by the Steel Employers' Organization. The figures have been awaited anxiously because they are the first ones after the passage of the export package in the middle of the Christmas month.

From the same figures it can be seen that domestic consumption has fallen dramatically. Order volume in the domestic market fell by 10 percent during this period. And since this concerns machines that are used to produce consumer goods, everything points to a decline in consumption.

"This development exceeds even the boldest expectations. Even before the export package, we saw a tendency toward a rise in exports, but it is gratifying now to be able to see that the tendency is continuing in a positive direction and has even increased to boot," Information Chief Peter Sterup of the Steel Employers' Organization said.

"The facts indicate beyond a doubt that we will not have the large unemployment that the Labor Directorate predicted for the steel industry. On the contrary, this year we can predict an increase in employment," he said.

"Other things also point to a positive turn of events," Sterup said. Among other things, steel can, on the basis of the budgets for this year, be assured of a rise in investments this year of 10 percent. This means from 5 billion kroner to 5.5 billion.

Besides this, the number of young people who have received apprenticeship or trainee positions in the steel industry has risen by not less than 20 percent in the first quarter of the year.

09124

Industry Ministry Reorganizing To Act More as Private Company

36130062c Copenhagen BORSENS

NYHEDSMAGASIN in Danish 4 Sep 87 pp 20, 21

[Article by Kristian Lund: "Industry Ministry, Inc."]

[Text] In complete obscurity the final pieces have been put together for a total reorganization of the Industry Ministry. The ministry is being organized as a private company. The company leadership has already been selected.

Bank Administration Director Eigil Molgaard and several of his inspectors have recently been on an inspection tour in BRF's previous headquarters in Gammel Konge Street. Not to check whether everything has proceeded properly in the credit institution, but to find housing for Molgaard's new finance administration: more than 160 colleagues from the bank and insurance administrations.

The Finance Administration is one of the new creations in a totally reorganized Industry Ministry. A reorganization that is to bring the ministry's effectiveness on line with the companies it serves.

Work on the ministry's new organization began in the fall of 1986 when a pilot group was appointed with Department Head Hans Duborg as the chairman. It is in this group that the cards have been shuffled and the new personnel assignments have been dealt out.

The goal was crystal clear: The Industry Ministry was to be made into a smooth functioning machine. Goal-directed, creative, and effective.

Reporting systems, goal structures, and demand for results. It was with such concepts in mind that the pilot group began work. Concepts taken from management books. Everyday fare for any effectiveness consultant, but undeniably somewhat distant from governmentese. But on the other hand, who else should take over business expressions than precisely the Industry Ministry?

With lightning speed the ministry will now be reorganized, co-workers moved, and leadership shifted in a total cleanup of a ministry, which, because of burgeoning

and scarcity of resources had become a misshapen bureaucratic mass that no one could properly supervise. The new organization will be in place at the latest by the spring of 1988.

And the pilot group has appointed something so untraditional as a company leadership. With Hans Duborg at the head, this 12-man group will lead the enormous ministerial machinery. Ex officio members of the leadership are the eight directors of the ministry's institutes, the department's three section heads, and the department head.

It is especially the selection of these company leaders that the fellow workers have been waiting for. Of the present 13 directors and heads of the ministry's institutes, five will be transferred down in the hierarchy. They will not have positions of leadership in the new company. Of the eight previous directors, seven have been appointed. Only the new director of the Consumer Administration is still unknown; the rest have been named.

Finance Administration

The previous director of the Administration of Banks and Savings Institutions, Eigil Molgaard, a 57-year-old attorney will now also take over the administration of insurance companies. The present director of the Insurance Administration, C. Boye Jacobsen, must be content as number two in the hierarchy. The Finance Administration will now receive four additional full-time employees. The total staff will then be 109.

Shipping Administration

The Ship Administration's present director, Torkild Reedt Funder, 52, will become the head of the new creation, the Shipping Administration. The organization is being formed by joining the Directorate for Shipping Education, the Ship Administration, the Ship Registry, the Ice Service, the Directorate for Sailors, and the Merchant Fleet's Welfare Council. With this, all government activity in the shipping industry is being put under one administration. Six additional employees are being added to make a total of 289.

Industry Administration

Another new construction, the Industry Administration, will have the former director of the Technology Administration, Mogens Kring, a 44-year-old civil engineer, as head. The Industry Administration is being formed by putting together the Technology Administration, the Regional Development Directorate, and the License Office. Export promotion arrangements are being put into the new administration, which will then administer one of the most central business policy areas: the efforts to increase the ability of Danish business to compete. The administration will receive an additional 45 full-time employees and have a total personnel of 224.

Business and Corporation Administration

The director of the Business and Corporation Administration will be the Corporate Registry's present head registrar, B.A. in Law Ole Blondal, 44. The administration will take over the duties of the Corporate Registry together with the registering of companies in the financial area. At the same time the department will surrender several areas to the Business and Corporation Administration. This applies, for example, to the accountant laws, realtor regulations, and food laws. The administration will receive eight more employees, so that the total personnel will be 141.

Department

Department Head Hans Duborg, a 58-year-old attorney, is now as before the ministry's indisputable top man. But his department will surrender tasks in order to concentrate better on planning assignments and the operation of the ministry.

Monopoly Administration

The Monopoly Administration's present director, Economics B.A. Lars Skov Madsen, 57, will continue. The Monopoly Administration escaped the reorganization without marked changes in assignments. The personnel are unchanged with 212 full-time employees.

Patent Directory

The Patent Directory is not being changed by the reorganization. Director Per L. Toft, a 48-year-old attorney, will continue in the position. He will continue to have the equivalent of 241 full-time employees.

Export Credit Council

The director of Denmark's Trade Fund, B.A. in law Bent Richnagel, 66, will now become the director of the Export Credit Council. The Trade Fund's secretariat will continue its present activities in export credit guarantees and sureties, but export promotion arrangements will be transferred to the Industry Administration. In return, the administration of ship guarantee arrangements will be transferred to the Council's secretariat. The secretariat will lose 31 employees and have a personnel total corresponding to 161 full-time employees.

Consumer Administration

The director of the consumer administration has not yet been named. The administration is being formed by combining the Danish National Council for Domestic Science, the consumer ombudsman and the Consumer Complaint Bureau. The new organization will have personnel corresponding to 129 full-time employees.

09124

FINLAND

Central Bank Director Kullberg on Fiscal Policies, Economy

37170073 Helsinki *HELSINGIN SANOMAT* in Finnish
10 May 88 p 33

[Interview by Hannu Leinonen]

[Text] The prime interest rate as the basis of the price of money was raised a week ago by 1 percentage point to 8 percent. The decision came as a surprise.

When it was demanded earlier that the Bank of Finland lower the prime interest rate, the answer was that the prime interest rate no longer has the same significance it had before. We are living in a time of floating interest rates within a competitive economy. The prime interest rate is only an administrative measure. Lowering it will have no effect.

Now it is being said that the banking system is in a learning phase. Ninety percent of the markka-dominated credits continues to be tied to the prime interest rate. The "administrative" prime interest rate is overwhelmingly significant. A good tool in the hands of the central bank.

Director Rolf Kullberg of the Bank of Finland and Finance Minister Erkki Liikanen (Social Democrat) exchanged some harsh words last fall in a debate over the lowering of the interest rate.

Along with industry, the minister demanded a reduction of the interest rate. The central bank said no, and the matter was resolved between the director and the minister during their trip to America.

Since then there has been no mention of reducing the prime interest rate.

Before labor contracts were renegotiated in the spring, Kullberg's bank removed a couple billion [markkas] from the banking system and threatened major consumers with "future actions".

The banks gambled at that time already that the interest rate would rise if wage increases became inflationary.

And this is what happened. With a family's budget tied to a home mortgage debt of 200,000 markkas, the increased spending per month comes to a little over 200 markkas..

[Question] Do you believe people will stop taking out loans, Director Rolf Kullberg?

[Answer] We'll see. The people are blind to interest rates. They still have a lot to learn especially when the supply of money is so abundant. The banks are shouting for

people to come in, there are plenty of loans. And everyone is so tremendously grateful to receive money even though it is expensive.

[Question] Did the Bank of Finland retaliate against the trade unions, which negotiated excessively large wage increases in the opinion of the central bank, by raising the interest rate?

[Answer] Retaliation is a totally incorrect word since we do not function on the basis of emotional positions. Adjusted data from last year's growth indicated that economy had accelerated at a faster rate than what was expected. The gross national product, personal consumption, and imports grew at an exceptionally rapid rate.

The ratio between the growth of exports and imports—a ratio of 2 to 8.5—is quite dismal. Since import prices have, however, decreased, the ratio has not yet hindered the balance of payments.

All the most recent data for this year's trend shows that we are moving ahead at a fast pace.

The gross national product increased 3.6 percent last year and the figure would have been close to 5 percent had it not been for difficulties in the agricultural sector. This year it will again approach somewhere between 3 and 4 percent.

Industry Acted Stupidly

[Question] Is the economy now overheated, is it out of control?

[Answer] The danger of overheating in the final phase of economic growth is great. However, the price of raw timber, for example, has declined without any real reason.

I do not understand why this has happened. Industry is apparently not capable of maintaining profitability.

As economic growth continues, we will certainly reach a point in which there will be an ever increasing shortage of a skilled labor force; attempts will be made to buy skilled people from other companies, and so on. The dangers have been increasing the whole time. Industry is concluding labor contracts which accelerate inflation.

Moderation and competitive ability, in particular, would be expedient since a downward trend in the economy may be around the corner.

[Question] Also employers want to give decent wage increases in the present situation?

[Answer] Evidently, this is the case. No one wants any disruptions in a good economy.

I am not a friend of large strikes, but I am amazed that industry is ready to do almost anything in the name of labor peace without thinking about the consequences for the future.

Industry knows that we are living under completely different conditions in comparison with before. We no longer have controls which would save it. Trade is as open as it can be.

I do not want to believe that industry would think that if competitive conditions cannot be provided for it in Finland, it will go elsewhere.

The labor should clearly understand that the policy of a stable markka adopted by the government and the Bank of Finland is not just a coincidence. It is tied to overall economic developments in the world. We have to march in step with others in all matters. Otherwise our economic competitiveness will suffer.

[Question] Does industry want to accelerate inflation with the goal of devaluation in mind?

[Answer] I do not believe so. Industry has demonstrated a new thinking to such a degree that I cannot in any way imagine that it would be so cynical. But it did act stupidly and shortsightedly when it allowed profitability to slip away so lightly. Without thinking that tomorrow might be different. Then it is its own fault.

[Question] Industry has criticized the increase in the interest rate. It is being said that it is especially hurting small businesses which are dependent government funding.

[Answer] It is true that small industries may suffer. Industry, however, has contributed to the situation by concluding unreasonable wage agreements.

Now industry is asking where the money to pay interest will come from and arguing that raising the interest rate would be catastrophic. How will the wage increases be paid for?

Wage agreements have been given excessively good grades. I am amazed that even respected newspaper commentators have boasted that everything has gone splendidly and peacefully.

Everything is fine in their opinion. This is not the case.

[Question] Will this year give a bad reputation to the policy of a stable markka?

[Answer] The situation should not be dramatized. It came only as a sad surprise that the curves no longer went as they have in past years.

The 1980s have been good. We have advanced in a balanced manner and we have also been able to maintain better growth than several other countries. We can boast of 10 consecutive good years.

Hopefully, the present situation is temporary. I believe that it is still possible to save the situation. It will be necessary to take some tough measures in order to succeed.

[Question] Should the interest rate have been raised more than what was now decided?

[Answer] Indeed such thinking was expressed by the bank's economists. What kind of fuss would have been raised about a higher interest rate since even the current increase has been difficult to swallow?

A Bigger Increase Forthcoming

[Question] Should the interest rate have been raised sooner?

[Answer] This might have been possible and such thinking comes easily with hindsight. An increase, however, would not yet have been politically possible last year. At that time, everything still seemed so good. Even the tightening of fiscal policy was not easy in the first months of the new government.

[Question] In the fall, you had a heated exchange of words about lowering the interest rate with Finance Minister Liikanen. What would have happened if the interest rate had been lowered as the minister demanded?

[Answer] To speculate on what would have happened is a waste of time. The pressures were already in that opposite direction at that time.

[Question] Has the government pursued the correct issues? Was the attempt to link tax reform and an economic policy wise?

[Answer] I do not want to speculate about this matter. I believe that the tax discussion did not necessarily have very much to do with economic trends.

This year's budget is quite good in my opinion. Fiscal policy is functioning as it should if excessive increases in income are excepted.

It is completely ridiculous to say that since the wage pact turned out so badly, we should now attempt to keep inflation in check. Such hope is a little too late.

[Question] Will it be impossible to restrain inflation this year?

[Answer] It will be difficult to come out of this without some kind of an acceleration in price increases. There is the danger that demand will continue to be high.

All of these matters cut two ways. Tax increases, increases in the prices of tobacco, alcohol, and fuels—even the interest rate—will raise consumer prices. In order to get a grip on the growth of demand and imbalances, it is, however, better that it is done this way.

The decisions are predicated on the fact that the state will not increase expenditures and that the effects of price increases will not be taken into consideration in the next income policy agreement. Otherwise the spiral will be evident.

[Question] Has the tax reform caused instability?

[Answer] There has been some uncertainty among depositors. Now it is known what is coming, and depositors need not have any concern.

The first phase of the actual tax reform should be combined with the next round of wage agreements. If tax reform can be reasonably linked to next year's labor contracts, we can rectify many problems of imbalance.

Even though it may be difficult to conclude a new wage solution [labor contracts] within the current year, it is worth trying. As I understand it, this is predicated on a tenable overall solution.

There is experience to demonstrate that it is not advantageous to distribute benefits in advance in fiscal policy and budget policy since they are easily forgotten in negotiation of actual contracts.

Adjustments for inflation in the income tax tables could perhaps be decided in connection with wages at the beginning of next year?

[Question] Industry will operate at full capacity at least for this year and will have record earnings. Is it not completely natural that wage earners also want their share of the growth?

[Answer] Of course. Money within industry, however, has a different meaning for the national economy than money which goes for consumption.

As long as money has a good liquidity in industry or it is used for investments, there is no danger to the national economy.

One only needs to look at Sweden's situation. There they have managed relatively well even though big industry has tens of billions in disposable funds. As long as there is liquidity in industry's safety deposit box, it has no effect. A siege mentality would have negative consequences.

[Question] Do you believe that Finns will still save?

[Answer] I believe so. I was glad that the banks rather quickly offered a new interest rate for 2-year accounts.

Banks Raising Too Much of a Fuss Over Profits

[Question] It is said that the banks will benefit the most from the increase in the interest rate. Does the central bank want to increase the vast profits of the savings banks even more than before.

[Answer] I do not believe that profits of the banks will grow. The banking industry's profits from raising the interest rate and expenditures will cancel each other out over the long term.

The complaints about profits being too large have been for nothing. This is not the case when considered from an international point of view, the least so in the case of local banks.

In a bid to be competitive the commercial banks have themselves succumbed to exaggerating profits. They have raised a fuss about profits. They have boasted that we have this much and that much. The fact is that these profits are needed since bad debts and risks have increased.

[Question] The Bank of Finland has pulled in loose money from the banks for itself by increasing the amount of cash reserves to an unprecedented level. Is it still being too soft?

[Answer] We have taken back the majority of the banks' surplus money, but, of course, there always remains a small portion which has improved the liquidity of the banks.

In fact, the central bank is not in the final analysis able to keep any money for itself, but with the market interest rate, banks receive as much as they need and are able to use these funds, especially if willing debtors can be found.

There is no simple solution to the problem.

[Question] Has such a freedom been adopted too quickly?

[Answer] A transition period is needed before this will be more extensively understood. But in spite of this, I believe that this has been the right path. It would not have been possible to live by regulations alone. In fact, we are now maintaining more controls than several OECD-countries in Europe. There are perhaps a couple countries in which there are more controls with respect to capital flows.

The transfer to a freer condition has in our opinion gone well. We have accumulated more positive experiences than negative.

Finland has had 10 good years. The greater dangers are not necessarily the result of fiscal policy, but the reasons are primarily elsewhere.

[Question] Thus there is no longer a return to the old system?

[Answer] No. Regulation would no longer succeed at all.

[Question] Last week you threatened that if this is not sufficient, some additional measure will be taken. What could these be?

[Answer] The interest rate is, of course, the most important issue. There are still some opportunities with regard to cash reserves.

[Question] And what about foreign exchange policy? Could the foreign value of the Finnish markka be changed to improve the market situation?

[Answer] The markka is at the lower end of its value, and this is good. As long as it was a little higher, all kinds of expectations arose.

[Question] Would it be easier for the central bank if the range within which the value of the markka can change were increased beyond by 4.5 percent.

[Answer] Naturally, in some situations there could be some benefit from a wider room for movement, but we can manage well with the current range. Of course, the best situation would be if there were no limits at all, but this is wishful thinking. Then no one would know where they are headed. But in a small country there is a tendency to think in the old manner and there is reason to think that an anchor is needed in economic policy. Such is a stable currency exchange rate. This should be respected for many reasons.

10576

SWEDEN

Labor Union Economists Warn of High Interest Effects

*36500118a Stockholm DAGENS NYHETER in Swedish
21 May 88 p 14*

[Article by Jan Magnus Fahlstrom]

[Text] It is a mistake to think that an excessively lax fiscal policy in Sweden has forced the Bank of Sweden to pursue an austere monetary policy. The situation is just the opposite. It is the monetary policy that has been too lax, while the fiscal policy has been commendably austere.

That statement, somewhat amazing at first glance, was made by the LO [Swedish Federation of Trade Unions] economist, Dan Andersson, on Friday as he presented a portion of the spring report by LO economists.

The LO's economists reached that point of view by reasoning as follows:

Kjell-Olof Feldt has pursued what is, for a Social Democrat, an extremely radical fiscal policy. He has reduced the public sector's deficit and directed its finances toward producing a surplus of income in relation to expenditures.

Thanks to that austerity, the public sector reduced economic growth—the rise in GNP—by nearly 1 percent in 1986 and 2.5 percent in 1987. According to the preliminary budget, public finance is supposed to give a small boost to GNP this year. But presumably that is not going to happen, since the wage increases will result in higher tax revenues than expected.

Blame

So it is not possible to blame fiscal policy at a time when domestic demand in Sweden is rising faster than production and producing a deficit in the balance on current account. An even tighter fiscal policy would threaten growth and employment.

It is indeed true that the monetary policy is also tight in the sense that interest rates are high—too high, according to the LO's economists. But the monetary policy must be judged by considering not only interest rates but also the effect of the elimination of credit regulations, which has left the way open to borrow.

High interest rates are not keeping households from taking advantage of that opportunity to borrow more and more. With today's deduction rules being what they are, households are not sensitive to interest rates. Moreover, they have seen their holdings in stocks and real estate rise in value, with the result that they have been able to increase their indebtedness without its coming to represent a higher proportion of their assets.

The conclusion reached by the LO's economists is that it was a mistake to abolish the credit regulations without taking steps to make households more sensitive to interest rates. In that sense, the monetary policy was and is lax, regardless of the high interest rates.

Prefer To Avoid Regulation

When asked whether the LO's economists would like to reintroduce credit regulations, chief economist P-O [Press Ombudsman] Edin answered:

"We would prefer to avoid it. But we are not entirely opposed to the idea. It would be a relatively inexpensive way to solve the problems. And if the borrowing boom continues, there will be no alternative."

But the LO's economists also see other ways to reduce private consumption: households could be made more sensitive to interest rates by limiting the deductibility of interest, there could be a further reduction in housing and agricultural subsidies, which favor property investments more than they do the consumers, and—interest rates could be lowered!

From the standpoint of the LO's economists, high interest rates are the number one root of all evil. It is true that those rates are doing little to restrain consumption, but on the other hand, they are having an adverse effect on investment. A 2-percent drop in the interest rate would cause at least a 1-percent rise in investment.

By increasing the return on financial investments, high interest rates also drive up the profit levels needed for firms to continue increasing their investments and their production.

High Wage Demands

In turn, high company profits lead to high wage demands, which destroy the process of wage determination and help make domestic demand too high in proportion to production, with the result that our balance on current account goes into deficit.

When asked whether the whole thing was the fault of the Bank of Sweden and whether Bank of Sweden Governor Bengt Dennis was the big villain, P-O Edin dodged the question:

"Bengt Dennis is a very capable man and has really put some life into the Bank of Sweden. If he were less skillful, it would not be possible to keep interest rates so high."

The LO's economists anticipate that the total increase in wage costs for 1988 will amount to 7 percent. And if the 2-year wage agreements that were signed this year set the standard for 1989, the level will probably be no lower then.

The result—when combined with the slower increase in productivity—will be an even wider gap between the rise in wage costs in Sweden and that in the rest of the world. Calculated in terms of a common currency, labor cost per unit produced in Sweden will rise faster than the OECD average by 2 percentage points in 1988 and by 3 percentage points in 1989.

Household Consumption Spree Seen Soon Over
36500118b Stockholm DAGENS NYHETER in Swedish
21 May 88 p 14

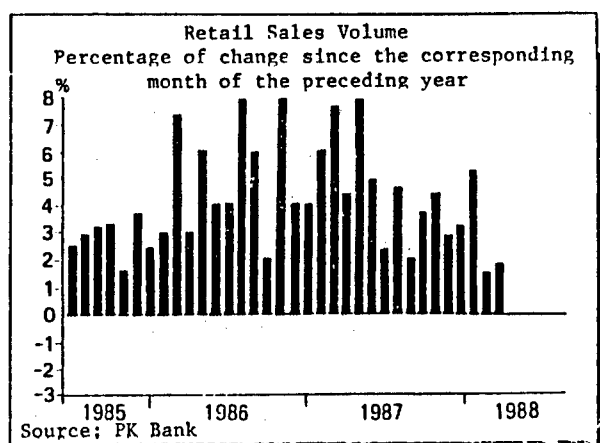
[Article by Ragnar Roos]

[Text] The so-called spending spree by households now seems to be on its last legs. The rise in retail sales volume as measured over the past few months is at its lowest point since the end of 1985. But at the same time, new bank loans to households are continuing to rise.

According to the newspaper KOPMANNENS SALJIN-DEX, which is published in cooperation with the Trade Research Institute (HUI) and the Central Bureau of Statistics, retail sales volume in March was 1.7 percent higher than in the same month last year.

In February, the increase was 1.4 percent, and for April, the HUI's quick index indicates that the change will fall somewhere between -0.5 percent and +1.5 percent.

The individual figures are very unreliable because of sizable seasonal adjustments related to the Easter week-end, but it is clear all the same that a weakening trend has set in (see diagram).



Agrees With Forecast

"This agrees with our forecasts and indicates that a slowdown is on the way. We expect sales volume to increase half as fast this year as it did in 1987—that is, by 2 percent, compared to 4.5 percent last year," says the HUI's chief economist, Lars Jacobsson.

In recent years, consumption has risen twice as fast as production and household income. Households have borrowed and drawn on their capital, which has increased sharply as a result of the stock market and property boom of the 1980's, to satisfy their urge to buy. Savings have reached record lows.

"The basic fact is that restraint must come. If it doesn't happen spontaneously, there will have to be intervention by society," says Lars Jacobsson.

Borrowing Doubles

New figures on lending by the banks do not indicate, however, that households have become less inclined to go into debt. During the first 4 months of this year, bank loans to households rose by 2.3 billion kronor, according to the Bank of Sweden. That was more than double the figure for the same period in 1987.

Savings banks and cooperative banks have increased their net loans by a total of 2.9 billion kronor, while net loans by commercial banks, on the other hand, are down by 0.5 billion kronor.

High real interest rates and announcements by the government that the deductibility of interest is going to be restricted have not yet frightened households away from taking out consumer loans.

But rising inflation—which was higher in April than at anytime since the end of 1985—is meeting households head on in the stores. More expensive goods are setting the stage for slower growth in consumption.

11798

TURKEY

Extremes of Left, Right Oppose EEC Membership
35540148b Istanbul HURRIYET in Turkish
29, 30 Apr 88

[Sixth and seventh intallments of article by Zeynep Gogus: "Open Sesame"]

[29 Apr 88 pp 5, 16]

[Excerpt] [Box p 5] "The population of Europe is old. They cannot find policemen and soldiers for themselves. We have a young and healthy population that is as strong as steel. Our people are not alienated and psychologically devastated like the Europeans. Even our prisons are better than those of Europe. Their prison conditions may be better than ours, but the people staying in our prisons are better than theirs."

These are the remarks of Dogu Perincek who is barred from engaging in politics for having been convicted under Article 141 of the Turkish Penal Code and who publishes the magazine 2000'E DOGRU [Toward 2000]. Perincek, who represents a rare segment of the Turkish left which opposes Turkey's membership in the EEC at this time, describes himself as "pro-Europe" but "opposed to membership in the EEC." Perincek explains his reasons for opposing Turkey's integration with the EEC as follows: "When you join Europe you have to

integrate with them politically; you cannot say 'I am withdrawing' whenever you want. The seat of government or the capital of your country will be Brussels or Strasbourg; it will not be Ankara. In other words, you renounce your right to determine your own destiny as an independent Turkish nation and enter a mode in which you can comply with changes in Europe. If we join the EEC we will be their laborers. Workers in Europe will develop tans while our bosses will become fair-skinned. I expect revolutionary changes from Turkey, and I do not approve an integration or union with capitalism which may jeopardize that."

[30 Apr 88 pp 5, 19]

[Excerpt] "Are we going to lose our identity? Could we lose our Muslim identity? If we are posing this question in terms of Islam, then I believe that we would not lose our identity. Do not misunderstand me: I oppose Turkey's membership in the EEC in principle. But not through anger and violence. We do not need to panic if Turkey joins the EEC. We will continue our existence."

These remarks come from Ali Bulac, a former writer at ZAMAN and a speaker at the panel discussion entitled "EEC, Turkey and Us" moderated by Hasan Aksay, a member of the Prosperity Party [PP]. Bulac also opposes the nationalist view of the EEC issue. For him, the problems Turkey may encounter as a homeland, a nation-state or a nation are of secondary importance. He views the issue only from the Muslim perspective and says: "We will continue our existence within the EEC."

Criticism From Nationalists

The views of Abdurrahman Dilipak, a columnist in MILLI GAZETE and a member of the PP, are somewhat different. Dilipak opposes Turkey's membership in the EEC from a nationalist viewpoint and says:

"The situation that would emerge after Turkey joins the EEC would be no different from the status of Azerbaijan or Tadzhikistan after their integration with the Soviet Union."

Dilipak goes a step further and opposes Turkey's membership in the EEC "using" Ataturk's principles. The EEC debate is the first instance where Muslim fundamentalists have used Ataturk's name to oppose anything. To dissuade Kemalists from defending the EEC, Dilipak says:

"Ataturk and the Ataturkist movement is an obstacle to Turkey's membership in the EEC. Membership would mean the renouncement of the six arrows of Kemalism. Ataturk's Address to the Youth would have to be removed from walls. Ataturk said: 'There may be people who may identify their political motives with those of the invaders, but even under those circumstances your duty is to preserve and to defend Turkey's freedom and the Turkish Republic forever.' Are they going to shelve

those remarks? The concept of secularism will also have to be substantially modified. According to the Western interpretation of secularism, religion and state must not interfere with each other. When religion becomes independent and given that there is no clergy class in Islam, what will happen? The Christians have the Pope. The institutional counterpart of that in Islam is the Caliphate. Turkey's membership in the EEC would make the establishment of the Caliphate imperative."

Motion That Forced Resignation

The charge that Turkey's membership in the EEC would turn it into a province of Europe is not new. On 5 September 1980, a motion of no confidence tabled by Necmettin Erbakan's National Salvation Party [NSP] and backed by the Republican People's Party was passed by the Assembly with 231 votes and forced the resignation of Hayrettin Erkmen, the foreign minister of the minority Demirel government, who had disclosed that Turkey would apply to enter the EEC. Responding to NSP charges that the government was trying to turn Turkey into a province of Europe by deciding to enter the EEC, then Prime Minister Suleyman Demirel said: "May God, the nation and the entire world be witness that that is a lie." Demirel thus sacrificed Erkmen for the sake of staying in office for one more week.

Today, Erkmen notes the following points with regard to Turkey's full membership in the EEC:

"If Turkey's bid to enter the EEC is approved, the country will be the scene of sharp debates. The charges leveled by the religious sector will reemerge, while the left's objections will be restated in different form. All these will pave the way to a new and intense internal political debate and realignment. These risks must be taken because Turkey's integration with the EEC is imperative in view of its geographic and political status and for its economic future."

9588

Western Fear of Islam Seen as Impediment to EEC Membership Bid

35540149 Istanbul HURRIYET in Turkish
28 Apr 88 pp 5, 16

[Fifth installment of article by Zeynep Gogus: "Open Sesame"]

[Excerpts] The European Commission, which acts as the executive organ of the EEC, convened that day, presumably to have one of its ordinary meetings. But the file before the Commission's 17 members, known as "commissioners," was not so ordinary. The file was entitled: "Turkey's Application for Full Membership in the EEC." It was the spring of 1987; Turkey had applied for full membership in the EEC on 14 April.

The Greek commissioner, Grigoris Varfis, was probably deeply puzzled at that meeting. There were people who favored the improvement of relations with Turkey, but, for Heaven's sake, not a single commissioner said anything in favor of putting the issue of Turkey's full membership on the agenda immediately. On the contrary, Lord Cockfield who represented Turkey's highly trusted friend, British Prime Minister Margaret Thatcher, or the "Iron Lady," pushed the limits of British civility and shouted: "Do you realize it, gentlemen? Do you realize it? If Turkey enters the EEC, we will become neighbors with Khomeyni's Iran. Do you realize that?"

In the event of Turkey's integration with Europe, the EEC would become neighbors not only with Khomeyni's Iran, but also with the Soviet Union, Syria, Iraq and Bulgaria. Earlier, in April 1986, an EEC report on combating terrorism declared all of Turkey's non-EEC neighbors except the Soviet Union—that is, Syria, Iran, Iraq and Bulgaria—as nations aiding terrorism.

Muslim Population

As of the end of the 1980's, 5 million Muslims live in EEC countries. Of these, 1.8 million are Turks. There are as many mosques in the West German city of Essen as in Mardin: 33. For the first time, the West has discovered Islam within itself. Although Friday prayers are routinely said at a mosque 500 meters away from the EEC headquarters in Brussels, the secret services of the EEC nations are busy preparing reports aimed at preventing Iranian-backed fanatic Islamic movements from infiltrating the Muslims living in Europe. Europe cannot combat the fanatic Islamic fundamentalists openly because of its commitment to freedom of religion, but has silently taken precautions against Khomeyni's Iran. At the minimum, the European public has been sensitized to this issue. That is why the prospect of full membership for Muslim Turkey, with its population of 60 million, causes reactions similar to that of Lord Cockfield's.

Religious Fear

Nadine Gerard, a private Belgian citizen, expressed her fears on this issue as follows: "Religion frightens us. The Crusades were launched in the name of religion, and we destroyed Jerusalem. Now we have begun to think that Muslims could act with similar fanaticism."

In a nutshell, this is the mentality of the European man in the street. They are worried about the terrible possibility that in the event Islamic fundamentalist forces gain power in Turkey the Turks living in EEC countries could constitute an insurmountable problem for them.

The Europeans also carefully watch the growth of the Muslim population in the Soviet Union and the rising nationalist movements.

Soviet Border

An influential and authoritative senior bureaucrat who is knowledgeable about Turkey and who works in the EEC's star-shaped headquarters in Brussels told us:

"The Community will progressively move toward political integration. However, you have a common border with the Soviet Union. There has been instability in that border region recently because of the events in Soviet Armenia. Tomorrow, if political problems arise between you and the Soviet Union you may get us involved in that conflict."

Fortunately, before waiting for an answer from us, the European official answered his own hypothesis: "Of course, you may say that the EEC has borders with the German Democratic Republic and Czechoslovakia."

Positive Factors

Does not Turkey's full membership in the EEC have any political advantages? The same European official made the following counterpoints to his negative remarks:

"1. Turkey is a large country. It is stable, secular and anticommunist. It serves as a buffer against any threats from the Soviet Union and the fanatic religious countries of the Middle East against the EEC.

"2. Turkey is the closest Middle Eastern country to Europe. If Turkey becomes a member of the EEC one day, I believe that the Mediterranean will be better integrated. Because then, the Mediterranean will be like an internal sea regardless of whether countries such as Turkey, Morocco and Israel are members or have association agreements with the EEC.

"3. It would be wrong to say that the EEC is a branch of NATO. Even so, it must maintain a certain level of harmony and integration with countries like Turkey which have a certain weight in the defense of Europe. Turkey's entry into the EEC would realize that harmony."

Gateway to the Middle East

Although Turkey is a neighbor of Iran and Iraq, who are fighting a bitter war, and the instability in this region worries Europe, Turkey has established with the Middle East a relationship which the Western nations cannot easily realize.

Professor Pazarci explains the advantages of this situation for Turkey as follows:

"With Turkey a full member in the Community, the West will have easier access to the markets of the Middle East. The EEC will try to take advantage of the fact that one of its members has preferential ties with Middle Eastern countries. This means that our entry into the EEC is not objectionable from a perspective of our foreign policy."

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